Fiscal Year 2026 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures

September 16, 2026

Report Number: 2026-300-056

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HIGHLIGHTS: Fiscal Year 2026 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures

Final Audit Report issued on September 16, 2026 **Report Number 2026-300-056**

Why TIGTA Did This Audit

We are required by law to determine annually whether the IRS complied with Collection Due Process (CDP) requirements pursuant to Internal Revenue Code Section 6320.

Impact on Tax Administration

The IRS files Form 668(Y)(C), *Notice of Federal Tax Lien (NFTL)*, to protect the federal government's interest in delinquent taxpayer's property. On the first NFTL filed for each tax period, the IRS must notify the taxpayers in writing at their last known address, within five-business days of their right to a CDP hearing before the Independent Office of Appeals.

Taxpayers may not be timely advised of their appeal rights if the IRS does not comply with this statutory requirement. Taxpayers have the right to elect a hearing after the tax lien filing wherein the taxpayer can raise any relevant issues, including spousal defenses, the appropriateness of the collection actions, or collection alternatives. Taxpayers have 30 calendar days to request a hearing with the IRS's Independent Office of Appeals.

What TIGTA Found

We performed a systemic review of the population of 120,235 NFTLs that were filed from July 1, 2024, through June 30, 2025, to determine whether the required lien CDP notice was mailed timely. We found that the IRS substantially complied with the legal requirements.

Our analysis of this data identified that for six taxpayers the IRS did not mail the lien CDP notice within the statutory five-business day requirement. This occurred for various reasons including manual errors by revenue officers and an Automated Lien System server outage that disrupted the transfer of the lien CDP notices to be printed and mailed.

We also reviewed a statistically valid random sample of 120 out of the 120,235 NFTLs and verified that the content of the notices complied with the law, including compliance with the legal requirement to send to the taxpayer's last known address.

Finally, we reviewed procedures for filing NFTLs in cases where taxpayers were in a federally declared disaster area. IRS procedures require collection activity to be suspended in these areas after the IRS's Disaster Program Office issues the applicable disaster relief memorandum. Our systemic review of the population of 120,235 NFTLs identified 202 taxpayers that were sent an NFTL after the disaster declaration date, but before the designation suspending NFTL filings was added to the taxpayer's account to prevent collection actions. In these 202 cases, the IRS disaster relief designation suspending NFTL filings was not added to the accounts until over two months after the disaster declaration date.

When the IRS files an NFTL on a taxpayer in a disaster area, it places undue burden and stress on those taxpayers and may impact the taxpayer's ability to sell their property or get credit to repair their property.

What TIGTA Recommended

We made one recommendation that the Director, Small Business/Self-Employed Operations Support should identify potential barriers to timely providing compliance relief for taxpayers following a federally declared disaster and revise internal procedures to mitigate delays in granting that relief to taxpayers burdened by disasters.

IRS management agreed with the recommendation and stated that they will review internal procedures for securing approval of administrative tax relief following a federally declared disaster and communicating the relief determination to its stakeholders. Based on the results of the review, as needed, they will recommend changes to internal procedures to improve the efficiency and effectiveness of the process and mitigate identified delays.

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

September 16, 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 Notice of Federal Tax Lien Filing Collection Due Process Procedures (Audit No.: 2026300001)

This report presents the results of our review to determine whether liens issued by the Internal Revenue Service (IRS) comply with Collection Due Process provisions of Internal Revenue Code Section 6320 and related Treasury Regulations. This review is part of our Fiscal Year 2026 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 V. If you have any questions, please contact me or Matthew A. Weir, Assistant Inspector General for Audit (Compliance and Enforcement Operations).

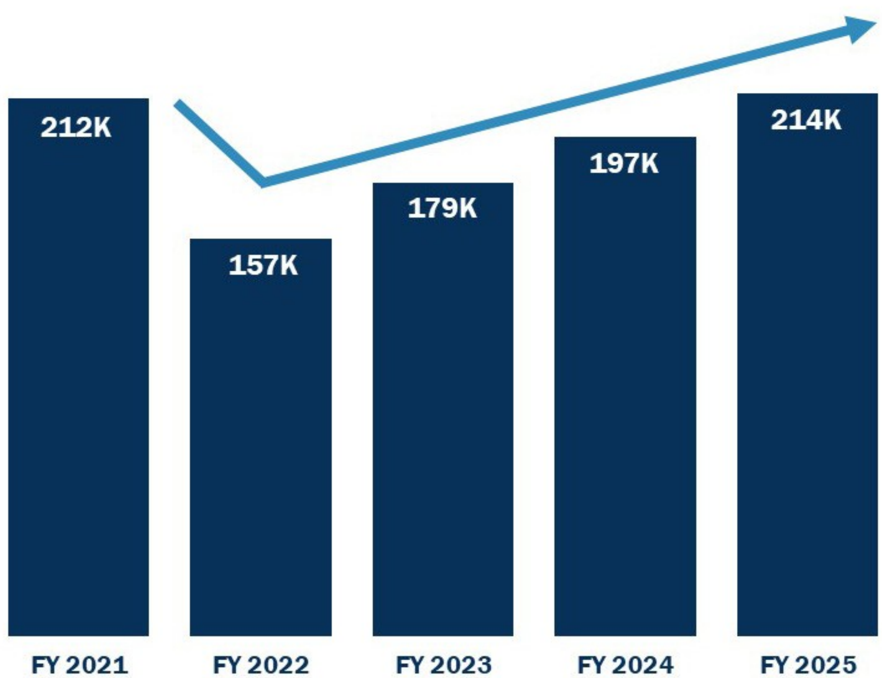
Table of Contents

Background

The Internal Revenue Service (IRS) attempts to collect delinquent federal taxes due from taxpayers by sending letters, and in some instances either making telephone calls or meeting face-to-face with taxpayers.[1] Pursuant to Internal Revenue Code (I.R.C.) Section (§) 6321, a lien arises when a taxpayer does not pay an assessed liability after being notified and attaches to the delinquent taxpayer's property. To protect the federal government's interest against certain creditors, the IRS is required under I.R.C. § 6323 to notify interested parties that a lien exists, which it does by filing a Form 668(Y)(C), *Notice of Federal Tax Lien* (NFTL), in the appropriate state and local office.[2] Generally, NFTLs are filed by the Small Business/Self-Employed Division, Collection function.

Figure 1 shows the annual NFTL filings for the past five fiscal years (FY).

Figure 1: NFTL Filings Have Increased by 9 Percent Since Fiscal Year 2024



Source: Analysis of the IRS Data Book for FYs 2021 through 2025.
K = Thousands.

NFTL filings reached a peak exceeding 1 million in FY 2010 (not shown in Figure 1), with a low point in FY 2022, but have been slowly increasing in recent years. In our previous audit, we reported that the decline in NFTLs through FY 2022 was partially due to the suspension of

[1] See Appendix III for a Synopsis of IRS Collection and Notice of Federal Tax Lien Filing Processes.
[2] I.R.C. § 6323.

collection activities in response to the pandemic.[3] The IRS also paused automated enforcement activities while backlogs associated with incoming mail and outgoing notices were being resolved. We also found that NFTLs increased from FY 2023 to 2024 due to an increase in the number of revenue officers. However, during FY 2025, 4,026 Collection function employees departed the agency. Yet, NFTLs continued to increase because the Automated Collection System (ACS) systemic levy process was reactivated on a limited basis on April 21, 2025, which prompted NFTL determinations as well on these taxpayers.

NFTLs are generated through the Automated Lien System (ALS), but can be input in one of three ways:

1) Through the Integrated Collection System (ICS).
2) Through the ACS.
3) By manual input of authorized users directly into the ALS.[4]

The law has long required the IRS to notify taxpayers in writing of the filing of a lien; however, the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) expanded upon this notice requirement, creating I.R.C. § 6320 to give taxpayers additional rights on the first NFTL filed for each tax period.[5] The law requires that the notice explains, in simple terms, the amount of unpaid tax, other administrative appeal rights available to the taxpayer, and provisions of the law and procedures related to the release of the lien on the property.[6] Within five-business days of the NFTL filing, the notice must be:

- Given in person, left at the taxpayer's home or business.
- Sent by certified or registered mail to the taxpayer's last known address.

Taxpayers may not be timely advised of their appeal rights if the IRS does not comply with this statutory requirement. The IRS issues a Letter 3172, *Notice of Federal Tax Lien Filing and Your Right to a Hearing Under I.R.C. § 6320*, (hereafter referred to as lien Collection Due Process (CDP) notice) to advise taxpayers that they may request a CDP hearing before the IRS's Independent Office of Appeals. The letter includes a date the request must be submitted by, which is at least 30 calendar days from the lien CDP notice mailing. During this hearing the taxpayer can raise any relevant issues, including spousal defenses, the appropriateness of the collection actions, and collection alternatives. The lien CDP notice indicates the date on which this 30-calendar-day period expires.

If the taxpayer fails to request a hearing within the 30-calendar-day period, Treasury Regulation 301.6320-1(h)(2)(i) allows taxpayers an opportunity for an "equivalent hearing." Taxpayers can file a request for an equivalent hearing within one year following the five-business day period after the NFTL is filed. An equivalent hearing is like a regular CDP hearing; however, the taxpayer cannot seek judicial review of the Independent Office of Appeals' decision.

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[3] TIGTA, Report No. 2025-300-034, *Fiscal Year 2025 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures* (August 2025).

[4] See Appendix IV for a description for each system.

[5] Pub. L. No. 105-206, 112 Stat. 685; I.R.C. § 6320.

[6] I.R.C. § 6320(a)(3)(A), (a)(3)(C), and (a)(3)(D).

Tax relief following a federal disaster

When the United States President declares a major disaster or emergency, immediate notification is made to the authorities in the impacted area, appropriate members of Congress, and federal agencies. Following a federally declared disaster, the law gives the IRS the ability to postpone certain deadlines, such as filing and payment deadlines, and the ability to grant interest relief.[7] The specific type of assistance that the Federal Emergency Management Agency (FEMA) provides generally dictates the type of disaster assistance the IRS will provide. For example, the IRS grants tax relief to individuals and businesses in counties given individual assistance by FEMA. In certain circumstances, this relief can also be extended to taxpayers in counties identified for the Public Assistance program.[8]

Once FEMA grants individual assistance to specific areas affected by a disaster, the IRS Disaster Program Office recommends the appropriate level of disaster relief and, after approved by the SB/SE Commissioner, distributes an internal disaster relief memorandum (hereafter referred to as memorandum) to key IRS functional areas. The memorandum summarizes the tax relief to be provided and whether the IRS will suspend compliance activity (including tax lien filings) on the affected taxpayers.[9]

If suspension of compliance activity is warranted and designated in the memorandum, IRS procedures generally require the IRS to suspend collection actions for taxpayers in the areas affected by the disaster. Then, the IRS adds a designation to the affected taxpayer's accounts, which provides systemic penalty and interest relief, and stops the compliance activity identified in the memorandum, including tax lien filings.

Findings from prior audit reports

We are required to determine annually whether the IRS complied with I.R.C. § 6320 pertaining to CDP requirements when filing liens.[10] From FYs 2021 through 2025, we found that the IRS substantially complied with legal requirements to send lien notices to taxpayers. However, the information below summarizes some of the violations that we identified during the past five years.

- 10 taxpayers for which the address on the original lien notice and the address on the IRS computer system did not agree.[11]
- 17 NFTLs were not mailed within 5 business days as required by I.R.C. § 6320(a).[12]

[7] I.R.C. § 7508A(a).

[8] FEMA's Individual/Public Assistance program allows individuals and households to receive money and services directly from FEMA for expenses incurred because of a disaster.

[9] This memorandum is an internal document issued to notify IRS personnel that tax relief has been granted due to a federally declared disaster. It is prepared for each disaster declaration and includes a summary of the relief (such as the counties eligible for tax relief), the disaster relief period (beginning and ending dates), and the type of tax relief granted.

[10] I.R.C. § 7803(d)(1)(A)(iii).

[11] TIGTA, Report No. 2021-30-067, *Fiscal Year 2021 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Due Process Procedures* (September 2021).

[12] TIGTA, Report No. 2022-30-060, *Fiscal Year 2022 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Due Process Procedures* (September 2022).

- 4 taxpayers for which the address on the original NFTL and the current address on the IRS computer system did not agree.[13]
- 272 NFTLs were not timely mailed as required by I.R.C. § 6320(a).[14]
    - The IRS had not achieved full compliance with guidelines involving power of attorney notifications.
    - The IRS did not take any of the required preemptive steps that were available to it to suspend collection activity on taxpayers that were impacted by a hurricane on September 28, 2022.
- 5 cases where the IRS did not send copies of the NFTL and hearing notice to all taxpayers' representatives.[15]

Results of Review

I.R.C. § 6320 requires the IRS to notify taxpayers of their CDP rights in writing, at their last known address, within 5-business days of the NFTL filing. In a systemic review of the population of NFTLs in our scope, we found only 6 instances out of more than 120,000 notices where the IRS exceeded the 5-business day statutory requirement to provide the lien CDP notice. We also reviewed a statistically valid random sample of NFTLs and found that the IRS substantially complied with the statutory requirements to timely mail the NFTL to the taxpayer's last known address. From the same population, we found 202 instances where the IRS filed NFTLs against taxpayers in a federally declared disaster area before the designation to prevent collection action was added to their accounts.

The IRS Substantially Complied With Legal Requirements To Send Lien Notices to Taxpayers

From July 1, 2024, through June 30, 2025, the IRS filed 120,235 NFTLs, for which a lien CDP notice was required. We electronically reviewed the entire population and found that the IRS substantially complied with the legal requirements to send lien CDP notices within five-business days of the NFTL filing. Our analysis of this data identified that for six taxpayers the IRS did not mail the lien CDP notice within the statutory five-business day requirement. This occurred for various reasons including manual errors by revenue officers and an ALS server outage that disrupted the transfer of the lien CDP notices to be printed and mailed.

When the IRS files an NFTL, it can have serious consequences for the taxpayer. Some examples include:

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[13] TIGTA, Report No. 2023-30-057, *Fiscal Year 2023 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Due Process Procedures* (September 2023).

[14] TIGTA, Report No. 2024-300-037, *Fiscal Year 2024 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures* (August 2024).

[15] TIGTA, Report No. 2025-300-034, *Fiscal Year 2025 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Due Process Procedures* (August 2025).

- Assets – An NFTL indicates that the government has a claim on all the taxpayer's assets (*e.g.*, property, securities, and vehicles) and to future assets acquired during the duration of the lien.
- Credit – The NFTL may limit the taxpayer's ability to get credit.[16]
- Business – An NFTL indicates that the government has a claim on all the taxpayer's business property and to all rights to business property, including accounts receivable.

Taxpayers have the legal right to appeal. Therefore, it is imperative that the IRS follow all legal and policy requirements to ensure that taxpayers are afforded these rights. If a taxpayer is not timely notified of their CDP rights, they may be impacted by an NFTL and not be aware of their right to appeal.

We also reviewed a statistically valid random sample of 120 of the 120,235 NFTLs and verified that the content of the notices complied with the law, including compliance with the legal requirement to send the notice to the taxpayer's last known address.

Policies Allowed Notices of Federal Tax Lien To Be Filed on Taxpayers Located in a Federally Declared Disaster Area

We identified 202 taxpayers, affected by Hurricane Helene, that were sent an NFTL after the issuance of a federally declared disaster for the area. In these 202 cases, the IRS disaster relief designation that suspended collection actions, including NFTL filings, was not added to the taxpayers' accounts until over 2 months after the disaster declaration. Specifically, on September 24, 2024, the President declared a disaster. In early October 2024, the Disaster Program Office recommended the use of the freeze code that suspends most compliance activity, including NFTL filings. However, the memorandum communicating this decision was not issued until November 21, 2024, and that freeze code did not post to the impacted taxpayers' accounts until November 29, 2024. According to IRS management, this delay was caused by multiple factors, including that Hurricane Helene impacted several states and the declarations of the affected counties continued to evolve.

While the IRS followed its current policies in these cases, we noted that those policies did not include a required time frame for the memorandum to be issued. This resulted in taxpayers that were affected by disasters to be subject to NFTL filings before the designation being added to their accounts. When the IRS files an NFTL on a taxpayer in a disaster area, the taxpayer potentially experiences undue burden and stress, and it may impact their ability to sell assets or get credit to repair their property. We have initiated another audit to further evaluate the IRS's effectiveness at providing administrative disaster assistance tax relief to taxpayers in designated disaster areas.

Recommendation 1: The Director, Small Business/Self-Employed, Operations Support should identify potential barriers to timely providing compliance relief for taxpayers following a

[16] IRS Publication 594, *The IRS Collection Process*, states, "A Notice of Federal Tax Lien gives public notice to creditors. We file the Notice of Federal Tax Lien so we can establish the priority of our claim versus other creditors. The Notice of Federal Tax Lien is filed with local or state authorities, such as county recorder of deeds or the Secretary of State offices. Employers, landlords, and others may also use this information and not favorably view the fact that a Notice of Federal Tax Lien has been filed against you."

federally declared disaster and revise internal procedures to mitigate delays in granting that relief to taxpayers burdened by disasters.

Management's Response: IRS management agreed with this recommendation and will review their internal procedures for securing approval of administrative tax relief following a federally declared disaster and communicating the relief determination to its stakeholders. Based on the results of the review, as needed, they will recommend changes to internal procedures to improve the efficiency and effectiveness of the process and mitigate identified delays.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether liens issued by the IRS complied with CDP provisions of I.R.C. Section 6320 and related Treasury Regulations. To accomplish our objective, we:

- Determined whether lien notices issued by the IRS complied with legal requirements set forth in I.R.C. § 6320(a) and (b)(2) and Treasury Regulations. The IRS provided a data extract of 190,725 NFTLs that were prepared nationwide from July 1, 2024, through June 30, 2025, that originated in the ICS, the ALS, or the ACS. We attempted to review only NFTLs that included a lien notice. Factoring for when the first lien is filed for a tax period, we arrived at a sample population of 120,235 NFTLs. We selected a statistical sample of 120 taxpayers to conduct our testing and determine if the lien notices adhered to legal guidelines regarding timely notifications of lien filings and if the notices were mailed to the taxpayer's current address.[1] However, no exceptions were identified in relation to this statistical sample, therefore no projections were made. Our contracted statistician assisted with reviewing the sampling plans.
- Determined if the IRS was following procedures to suspend the filing of NFTLs during a disaster declaration as required by internal guidelines.
- Determined if internal guidelines were implemented or modified since our last review through discussion of procedures and controls with appropriate IRS personnel.

Performance of This Review

This review was performed with information obtained from the Small Business/Self-Employed Division's Office of Collection Policy located in Washington, D.C., during the period September 2025 through May 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 ALS and the Individual and Business Master Files. We evaluated the data by (1) performing electronic testing of required data elements to identify missing data, outliers, or obvious errors, (2) validating relevant data fields in the ALS data extract against the information in the Integrated Data Retrieval System and through direct access of the ALS, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

[1] A statistical sample was used to allow the results to be projected to the overall population.

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 Small Business/Self-Employed Division Collection function's policies, procedures, and practices for timely notifying taxpayers of lien filings and handling taxpayer representation issues when working collection cases.

Appendix II

Outcome Measure

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Taxpayers Impacted – Potential; 202 taxpayers in a federally declared disaster area that had an NFTL sent after the disaster was declared but before the tax relief designation was added to their account (see Recommendation 1).

Methodology Used to Measure the Reported Benefit:

We systemically reviewed the population of 120,235 NFTLs filed from July 1, 2024, through June 30, 2025, that required a lien CDP notice. We identified 202 taxpayers for which the NFTL was sent after the disaster had been declared, but before the disaster relief designation to suspend collection action was added to the taxpayer's account.

Appendix III

Synopsis of IRS Collection and Notice of Federal Tax Lien Filing Processes

The collection of unpaid tax begins with a series of letters (notices) sent to taxpayers advising them of their debt and asking for payment of the delinquent tax. IRS computer systems are programmed to mail these notices when certain criteria are met. If either face-to-face or telephone contact is required:

- IRS employees, called revenue officers who work in various locations, make personal contact with taxpayers. The ICS is used for workload management, case assignment/tracking, inventory control, and case analysis.
- IRS employees make telephone contact to collect unpaid taxes and secure delinquent returns. The ACS is used in the call sites to track collection actions taken on taxpayer accounts.

When these efforts have been taken and the taxpayer has not paid the tax liability, designated IRS employees are authorized to file a lien by sending a Form 668(Y)(C) to the appropriate local government offices. An NFTL protects the federal government's interest by providing notice to the public of the underlying federal tax lien's claim against the taxpayer's property to secure the debt. A tax lien is created by I.R.C. § 6321 when:

- The IRS has made an assessment and given the taxpayer notice of the assessment, stating the amount of the tax liability and demanding payment.
- The taxpayer has neglected or refused to pay the amount after the notice and demand for payment.

The authority to file an NFTL is found in I.R.C. § 6323. When employees request the filing of an NFTL, one is systemically created in ALS from ICS or ACS data uploads. In an expedited situation, employees can manually prepare the NFTL. Even for manually prepared NFTLs, the ALS controls and tracks the lien notice and initiates subsequent notices to notify responsible parties of NFTL filings and of their appeal rights. The ALS maintains an electronic database of all open NFTLs and updates the IRS's primary computer records to indicate that a lien has been filed.

Lien notices are provided to taxpayers by certified mail, registered mail, or in person. To maintain a record of the notices, the IRS prepares a certified mail list (U.S. Postal Service Form 3877, *Firm Mailing Book for Accountable Mail*), which identifies each notice that is to be mailed. The U.S. Postal Service date-stamps the list and returns a copy to the IRS. The certified and registered mail listing is the documentation the IRS has that certifies the date on which the notices were mailed. IRS guidelines require that the stamped certified mail list be retained for 10 years.

Appendix IV

IRS Computer Systems Used in the Filing of Notices of Federal Tax Lien

Automated Collection System – The ACS is a system that accepts Integrated Data Retrieval System balance due and nonfiler cases requiring contact for resolution. Tax examiners use the ACS's case management abilities to contact taxpayers, review their case histories, and issue notices, NFTLs, or levies to resolve the cases.

Automated Lien System – The ALS maintains a database of all open and released liens on file in thousands of local recording offices. The ALS uses information derived from the Delinquent Inventory/Accounting listing data extract from the Master File. Batched lien requests are received from the ICS and the ACS to generate and process NFTLs in addition to lien CDP notices.

Integrated Collection System – The ICS is a program that provides workload management, case assignment/tracking, inventory control, case analysis tools, and management information system capabilities to support the Small Business/Self-Employed Division's Collection function fieldwork.

Integrated Data Retrieval System – The Integrated Data Retrieval System is an application consisting of databases and operating programs that support IRS employees working active tax cases within each business function across the entire IRS. It allows IRS employees to take specific actions on taxpayer account issues, track status, and post transaction updates back to the Master Files. Actions taken via the Integrated Data Retrieval System include notice issuance, installment agreement processing, offers in compromise processing, adjustment processing, penalty and interest computations and explanations, credit and debit transfers within an account or other related accounts, and research of taxpayer accounts for problem resolution of taxpayer inquiries.

Master File – The Master File is an IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

Appendix V

Management's Response to the Draft Report

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

September 3, 2026

MEMORANDUM FOR DIANA M. TENGESDAL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Lia Colbert Amalia C. Colbert Digitally signed by Amalia C. Colbert Date: 2026.09.03 06:28:14 -04'00'
Commissioner, Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – Fiscal Year 2026 Statutory Review of Compliance With Notice of Federal Tax Lien Filing Collection Due Process Procedures (Audit No.: 2026300001)

Thank you for the opportunity to respond to your draft report. Protecting taxpayer rights is fundamental to effective tax administration. We appreciate your conclusion that we substantially complied with the Collection Due Process (CDP) notification requirements. Your review of more than 120,000 Notices of Federal Tax Lien identified only six instances in which a notice was not mailed within the statutory five-business-day period. You also found no exceptions with respect to the content and last-known-address requirements. This demonstrates our strong commitment to ensuring taxpayers receive timely notice of their appeal rights. We will continue to strengthen our operations and further reduce the already rare instances in which CDP lien notices may be delayed.

We recognize the concern raised in the report regarding the timeliness of implementing administrative compliance relief for taxpayers affected by federally declared disasters. The Internal Revenue Service (IRS) has an important responsibility to deliver relief promptly and minimize unnecessary burden. The taxpayers identified in your report timely received all statutory disaster relief authorized under the Internal Revenue Code, including filing and payment relief. They were also afforded certain administrative relief which includes, but is not limited to, protections from the Federal Payment Levy Program and installment agreement defaults.

The delay identified in the report involved implementation of a heightened level of administrative relief following Hurricane Helene, which presented an exceptionally complex operational challenge. More than 31 million taxpayer accounts across 443 counties in eight states received this heightened relief, while the Federal Emergency Management Agency issued 41 amendments as the disaster declarations continued to evolve. During the same period, the IRS also implemented relief for six additional disaster events, requiring significant coordination across multiple functions. Prior to this audit, the offices responsible for the disaster designation process had already begun implementing improvements to strengthen coordination and timeliness. We will continue to evaluate and refine our procedures to ensure that administrative relief is implemented as efficiently as possible, while minimizing unnecessary burden. Our response to the Treasury Inspector General for Tax Administration's recommendation is attached.

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.

Attachment

Attachment

Fiscal Year 2026 Statutory Review of Compliance With Notice of Federal Tax Lien
Filing Collection Due Process Procedures
(Audit No.: 2026300001)

The Director, Small Business/Self-Employed, Operations Support should:

RECOMMENDATION 1:
Identify potential barriers to timely providing compliance relief for taxpayers following a federally declared disaster and revise internal procedures to mitigate delays in granting that relief to taxpayers burdened by natural disasters.

CORRECTIVE ACTION:
We agree. We will review our internal procedures for securing approval of administrative tax relief following a federally declared disaster and communicating the relief determination to stakeholders. Based on the results of the review, as needed, we will recommend changes to internal procedures to improve the efficiency and effectiveness of the process and mitigate identified delays.

IMPLEMENTATION DATE:
October 15, 2026

RESPONSIBLE OFFICIAL:
Director, Operations Support, 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 VI

Abbreviations

ACS	Automated Collection System
ALS	Automated Lien System
CDP	Collection Due Process
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
ICS	Integrated Collection System
I.R.C.	Internal Revenue Code
IRS	Internal Revenue Service
NFTL	Notice of Federal Tax Lien
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.