TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Fiscal Year 2026 Statutory Review of Potential Fair Tax Collection Practices Violations

September 23, 2026

Report Number: 2026-300-057

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HIGHLIGHTS: Fiscal Year 2026 Statutory Review of Potential Fair Tax Collection Practices Violations

Final Audit Report issued on September 23, 2026 **Report Number 2026-300-057**

Why TIGTA Did This Audit

The IRS Restructuring and Reform Act of 1998 Section (§) 7803(d)(1)(G) requires that we include information regarding administrative or civil actions related to Fair Tax Collection Practices (FTCP), *e.g.*, not contacting taxpayers at an unusual time or place, harassing or abusing taxpayers, or bypassing a duly authorized taxpayer's representative, in one of our Semiannual Reports to Congress.

We obtained information on violations by IRS employees of the FTCP provisions of Internal Revenue Code § 6304. In addition, we obtained information on reported or potential violations of the Fair Debt Collection Practices Act (FDCPA) (15 United States Code §§ 1692-1692p) by private collection agency (PCA) employees, including any related administrative or civil actions resulting from those violations.

Impact on Tax Administration

The abuse and harassment of taxpayers by IRS and PCA employees while attempting to collect taxes can harm taxpayers and can have a negative impact on voluntary compliance. It is important that taxpayers receive fair and balanced treatment from IRS and PCA employees when they attempt to collect taxes.

What TIGTA Found

We identified 32 potential FTCP violations in the IRS's Automated Labor and Employee Relations Tracking System (ALERTS) between July 1, 2024, and June 30, 2025. Most of the violations involved contacting a represented taxpayer and bypassing a duly authorized taxpayer representative. In 16 of these violations, the case was correctly coded as an FTCP violation. We identified the remaining 16 FTCP violations through additional research in ALERTS that found they were incorrectly coded as other types of misconduct. In our Fiscal Year 2025 FTCP review, we previously recommended that the IRS enhance training to ensure that miscoding cases involving potential FTCP violations are correctly coded and resolved according to IRS policies and procedures.

In addition, our review identified what IRS managers believed to be FTCP violations in the IRS's Embedded Quality Review System (EQRS) for Field and Campus Collection. These were not reported in the ALERTS database as required by IRS procedures. All 735 potential FTCP violations were identified in the EQRS process by IRS frontline managers as employee errors pertaining to communications with a represented taxpayer without the required taxpayer's consent. Many of the Campus Collection cases involved taxpayers calling into IRS collection call sites for assistance; however, employees must still seek consent to continue the conversation without the representative present.

Our review also identified 51 potential FDCPA violations and 5 potential FTCP violations by PCA employees. The disciplinary actions resulting from the 56 violations were consistent with each of the PCA's disciplinary policies.

What TIGTA Recommended

We made three recommendations to the IRS including to: revise the Standard Procedure Guide and provide training to Employee Relations specialists on the importance of the right to representation; coordinate with the Office of Chief Counsel to develop updated guidance and provide training to Collection employees on how to proceed when represented taxpayers call the IRS for assistance, including what constitutes "consent" for purposes of ensuring that the taxpayer either has or has not consented to continuing the conversation without their representative present; and develop updated guidance and provide training in the EQRS to Collection managers on identifying potential FTCP issues.

The IRS partially agreed with all three recommendations and plans to implement corrective actions.

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

September 23, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

Diana M. Tengesdal

FROM: Diana M. Tengesdal
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fiscal Year 2026 Statutory Review of Potential Fair Tax Collection Practices Violations (Audit No.: 2026300005)

This report presents the results of our review to obtain information on any reported violations of Fair Tax Collection Practices by Internal Revenue Service employees and on any reported or potential violations of the Fair Debt Collection Practices Act by private collection agency employees, including any related administrative or civil actions resulting from those violations. 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 VI. 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

The Fair Debt Collection Practices Act (FDCPA), as originally enacted, included provisions that prohibited various collection abuses and harassment in the private sector, *e.g.*, calling at inconvenient times and places.[1] However, the restrictions did not apply to the federal government until passage of the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98).[2] Congress believed that it was appropriate to require the IRS to comply with certain portions of the FDCPA and be at least as considerate to taxpayers as private creditors were required to be with their customers. The RRA, Section (§) 3466, requires the IRS to follow provisions, known as Fair Tax Collection Practices (FTCP), which are similar to the provisions in the FDCPA.[3]

IRS employees who violate any FTCP provisions are subject to disciplinary actions. Since the Collection function is within the Small Business and Self-Employed (SB/SE) Division, most FTCP violations will relate to SB/SE employees. Violations and related disciplinary actions are tracked on the IRS Human Capital Office's Automated Labor and Employee Relations Tracking System (ALERTS).[4] In addition, the federal government may be subject to claims for damages under Internal Revenue Code (I.R.C.) § 7433, *Civil Damages for Certain Unauthorized Collection Actions*. A violation is considered administratively substantiated if the interaction involved a collection matter and there is supporting evidence. A violation is considered unsubstantiated if the issue was not substantiated by facts or evidence.

The Fixing America's Surface Transportation Act, § 32102, includes a provision that requires the IRS to use private collection agencies (PCA) to collect on cases involving certain delinquent accounts.[5] Any contract between the IRS and a private collector must prohibit the collector from committing any act or omission that IRS employees are prohibited from committing in the performance of similar duties. These prohibitions include the FTCP violations, *e.g.*, directly contacting represented taxpayers, calling the taxpayer at work if the collector knows the taxpayer's employer prohibits such calls, and various other types of harassment and abuse. Additionally, the law provides that the provisions of the FDCPA (which overlaps with some of the provisions of the FTCP) shall apply to any qualified tax collection contract.[6] If the PCA violates the FDCPA, the law insulates the federal government from liability and allows the suit to be brought only against the private collector.

Since September 2021, the IRS has had contracts with three PCAs to collect outstanding tax debts not being actively worked by the IRS. The abuse and harassment of taxpayers by IRS and PCA employees while attempting to collect taxes can harm taxpayers and have a negative impact on voluntary compliance. It is important that taxpayers receive fair and balanced treatment from both IRS and PCA employees when they attempt to collect taxes.

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[1] 15 U.S.C. §§ 1601 note, 1692–1692p.

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

[3] See Appendix II for a detailed description of the FTCP provisions.

[4] Effective September 2025, conduct cases are being opened in Service Central.

[5] Pub. L. No. 114-94, 129 Stat. 1312 (2015).

[6] I.R.C. § 6306(g).

The law requires that we include information regarding administrative or civil actions related to FTCP violations listed I.R.C. § 6304 in one of our Semiannual Reports to Congress. We are required to report information regarding any administrative or civil actions as a result of violations of the FTCP provisions by IRS employees. The law does not provide a definition of administrative action; however, for this review, we used the IRS's definition, which is any action that ranges from a letter of admonishment to removal.[7] The Semiannual Report must provide a summary of such actions and include any judgments or awards granted to taxpayers.

Results of Review

We reviewed 506 IRS employee misconduct cases (35 cases with FTCP issue codes and 471 with non-FTCP issue codes) that occurred between July 1, 2024, and June 30, 2025. We identified a total of 32 potential FTCP violations involving contacting a represented taxpayer without the required consent to proceed without the representative, taxpayer harassment in a tax collection matter, or taxpayer abuse in a tax collection matter.

We also found that potential FTCP violations noted in IRS quality reviews were inconsistently reviewed and not being reported as required. In addition, we found 51 potential FDCPA and 5 FTCP violations in PCA cases. Lastly, during this review period, a lawsuit was filed against one PCA, but the case was dismissed. No cases as part of this review period have resulted in monetary awards for damages to taxpayers.[8]

Fair Tax Collection Practices Violations Were Identified

We evaluated the 35 IRS employee misconduct cases that were coded as FTCP violations. We identified 16 correctly coded potential FTCP violations (in 16 cases). The IRS administratively substantiated 9 violations (56 percent). We determined that 6 (67 percent) of the 9 substantiated FTCP violations involved employees bypassing taxpayer representatives. The remaining 19 violations (in 19 cases) were miscoded and determined not to be FTCP violations.

There are seven issue codes the IRS uses when considering potential FTCP employee violations.[9] Figure 1 shows the 16 potential FTCP violations by specific issue code and substantiated status.

[7] A letter of admonishment is a disciplinary action that involves the manager holding a discussion with the employee to advise the employee that they have engaged in misconduct and that the misconduct should not be repeated. The manager confirms the discussion with a written summary in a letter.

[8] I.R.C. § 7433 provides that a taxpayer may bring a civil action for damages against the federal government if an officer or employee of the IRS recklessly or intentionally, or by reason of negligence, disregards any provision of the I.R.C. or related regulation in connection with the collection of federal tax.

[9] See Appendix III for a list and description of the seven FTCP issue codes.

Figure 1: Potential FTCP Violation Issues Identified by Issue Code

Issue Code	Issue Description	Number of Potential Violations	Administratively Substantiated
142	I.R.C § 6304(a)(2): Directly Contacting a Represented Taxpayer Without the Representative's Consent	8	6
144, 145	I.R.C § 6304(b): Taxpayer Harassment and Abuse in a Tax Collection Matter	8	3
	Total	**16**	**9**

Source: Analysis of ALERTS data for cases closed from July 1, 2024, through June 30, 2025.

Of the nine substantiated FTCP violations, we found that two resulted in employee disciplinary actions and seven resulted in no disciplinary action. The disciplinary actions were termination and an employee resigned on their own accord. The non-disciplinary actions consisted of written counseling, a Closed Without Action letter, and addressing the issue through the performance appraisal write-up.

Six of the substantiated FTCP violations involved IRS employees contacting taxpayers directly and bypassing the taxpayers' representatives. The FTCP provisions provide that IRS employees may not communicate with represented taxpayers, without taxpayer consent, a court order, or the taxpayer's authorized representative's consent to handle the collection matter, unless the representative fails to respond to the IRS within a reasonable period of time.[10]

We also reviewed the seven unsubstantiated potential FTCP violations, some involving IRS employees directly contacting a represented taxpayer. We found that two violations should have been determined to be FTCP violations because the employees bypassed the taxpayers' representatives. These violations were not substantiated due to various reasons, including lack of evidence and that the allegations did not amount to an FTCP violation. SB/SE Division management agreed that these two violations should have been sustained as FTCP violations. There were no disciplinary actions taken against employees in the unsubstantiated violations.

Some employee misconduct cases were not identified as potential FTCP violations

Because potential FTCP violations can be miscoded as other misconduct, we also reviewed 471 employee misconduct cases in the ALERTS database and found 16 potential FTCP violations (15 cases) coded as non-FTCP violations. We identified the 16 potential FTCP violations by reviewing 13 issue codes with descriptions that could potentially relate to violations of taxpayers' FTCP rights.[11] The IRS substantiated 9 (56 percent) of the other misconduct issues and did not substantiate 7 potential issues (44 percent). Figure 2 shows the 16 non-FTCP coded potential FTCP violations we identified by issue code and description.

[10] I.R.C. § 6304(a)(2).

[11] See Appendix IV for a list and description of the 13 non-FTCP issue codes.

Figure 2: Potential FTCP Violation Issues Identified by Non-FTCP Issue Codes

Issue Code	Issue Description	Number of Potential Violations	Administratively Substantiated
058	Unprofessional Conduct	9	6
103	Failure to follow Established/Written Procedures	3	3
999	Not Otherwise Coded	4	0
	Total	**16**[12]	**9**

Source: Analysis of ALERTS data for cases closed from July 1, 2024, through June 30, 2025.

Most of the 16 potential violations involved contacting a represented taxpayer without obtaining the required consent to proceed without the representative. Specifically, we identified:

- 9 potential FTCP violations coded as Unprofessional Conduct pertaining to contacting a taxpayer at an unusual time/place, contacting a represented taxpayer without the representative's consent, and abuse.
- 3 potential FTCP violations coded as Failure to Follow Procedures that pertained to contacting a represented taxpayer without the representative's consent.
- 4 potential FTCP violations coded as Not Otherwise Coded that pertained to contacting a represented taxpayer without the representative's consent, harassment, and abuse.

SB/SE Division management agreed that 15 of the 16 violations were miscoded. Employee Relations specialists from the IRS's Human Capital Office (HCO) are responsible for adding the correct violation codes into the ALERTS database. The specialists can add the code at the time they enter the case or at any time while the case is in process if new issues arise or are discovered. The case can also be updated after it is closed to add an additional issue code.

We identified a total of 35 miscoded violations, 19 issues that were miscoded as FTCP violations but should not have been (see discussion before Figure 1) and 16 issues that were not coded as FTCP issues but should have been (see discussion before and after Figure 2). Most of the issues related to bypassing a taxpayer's representative. We believe this miscoding is caused by the Employee Relations specialists not receiving sufficient guidance and training on FTCP issues. In our Fiscal Year 2025 FTCP review, we previously recommended that the IRS enhance training to ensure that miscoding cases involving potential FTCP violations are correctly coded and resolved according to IRS policies and procedures.[13]

The HCO Standard Procedure Guide and FTCP manager assessment form are used in the initial stage of FTCP case processing. These documents guide discussions with IRS functional management to determine threshold issues and to collect management's determination addressing the alleged FTCP violation(s). However, neither document provides specific guidance on how to correctly code potential FTCP violations when a taxpayer's representative is bypassed.

In the prior report, we also noted that the IRS updated the FTCP Desk Guide in February 2025 and that we would determine whether these changes were effective as part of this current

[12] The total number of cases (15) does not reconcile with the number of issues (16), because one case had more than one issue code entered into ALERTS.

[13] TIGTA, Report No. 2025-300-045, *Fiscal Year 2025 Statutory Review of Potential Fair Tax Collection Practices Violations*, p. 6 (September 2025).

review. When we asked IRS management, they stated that the FTCP Desk Guide was designated as obsolete and the information from the FTCP Desk Guide was incorporated into the HCO Standard Procedure Guide. We reviewed the HCO Standard Procedure Guide and found that the changes were not thorough enough to ensure that all FTCP violations are consistently identified and entered into ALERTS. As an example, the guide only referenced instances involving harassment or abuse of a taxpayer or taxpayers' representative during collection activity. The HCO Standard Procedure Guide does not provide guidance on all potential FTCP violation(s) and specifically, does not include information on ensuring that issues involving bypassing the taxpayer's representative are correctly coded.

Recommendation 1: The Director, Human Resources Operations and Shared Services should revise the Standard Procedure Guide to provide specific guidance on correctly coding FTCP violations. In addition, training should be provided to Employee Relations specialists on the importance of the right to representation.

Management's Response: The IRS partially agreed with this recommendation. The IRS will revise the Standard Procedure Guide in the new case management system to emphasize the importance of each FTCP issue code, including the taxpayers' right to representation. Employee Relations does not agree to providing additional training to its employees. They plan to address these issues through clarified guidance and written communication rather than formal training.

Office of Audit Comment: We believe that formal training in conjunction with written communication and clarified guidance would greatly benefit Employee Relations specialists on how to correctly identify and code FTCP violations. Guidance without appropriate training may not correct the miscoding of FTCP violations that we identified in this and prior reviews.

Additional Guidance Is Needed on Reporting Potential Fair Tax Collection Practices Violations

Our analysis of case narratives in the Embedded Quality Review System (EQRS) for the period July 1, 2024, through June 30, 2025, identified 735 potential FTCP violations that were not reported in the ALERTS database. The EQRS is an online quality review database used by collection frontline managers to assess employee performance. Collection frontline managers identified the 735 potential FTCP violations based on these three quality attributes:

- Attribute 607 (Field and Campus Collection - *Right to Representation Not Observed*).
- Attribute 226 (Campus Collection - *Comply with Taxpayer Rights*).
- Attribute 013 (Campus Collection - *Verify Power of Attorney/3rd Party Designee*).

These attribute codes are used by frontline managers in Field and Campus Collection cases to assess whether their employees communicated with a duly represented taxpayer without the taxpayer's prior consent.

The 735 potential FTCP violations that were not reported in ALERTS, include collection employees who:

- Improperly bypassed authorized representatives.

- Did not always follow initial contact procedures (to identify if a Power of Attorney (POA) was on file).
- Did not follow revocation and withdrawal procedures.
- Did not provide notices to taxpayers' representatives.

Figure 3 shows the 735 potential violations that should have been reported in ALERTS as potential FTCP violations.

Figure 3: Potential FTCP Violations Related to Communicating With a Represented Taxpayer

Description of Potential FTCP Violation(s)	Total
Field Collection – *Right to Representation Not Observed* (Attribute 607)	136
Campus Collection – *Comply with Taxpayers Rights* (Attribute 226)	588
Campus Collection – *Verify the Power of Attorney* (Attribute 013)	11
Total Potential Violations	**735**

Source: Analysis of EQRS narratives of Attribute 013, 226, and 607 exceptions from July 1, 2024, through June 30, 2025.

In these cases, frontline managers in the EQRS process determined that collection employees communicated with represented taxpayers without following the procedures that ensure that the taxpayer's right to representation is fully protected. Most of these cases, Attribute 226, *Comply with Taxpayers Rights*, involved taxpayers who called the IRS's Automated Collection System seeking customer service. When taxpayers use these call centers, employees can determine whether the taxpayers are represented by viewing specific data fields in IRS systems. After determining that taxpayers have a valid Form 2848, *Power of Attorney and Declaration of Representative*, on file, IRS employees are required to seek consent to continue the conversation without the representative present. When employees do not follow procedures, frontline managers indicate failure of the quality attribute, *e.g.*, Attribute 013,*Verify the Power of Attorney*.

The other cases listed in Figure 3 involved collection employees mailing letters to taxpayers, such as scheduling interviews or requesting information, and not to the taxpayer's representative. If employees do not follow the procedures to send letters or copies to the taxpayers' representatives, then frontline managers will indicate failure of quality Attribute 607, *Right to Representation Not Observed*.

Without proper consent, many of these cases constitute potential FTCP violations under I.R.C. § 6304(a)(2). Due to limited staff, management officials from the IRS Collection Policy office requested that we provide some sample cases for them to review. We provided the following cases from each of the three attributes for review and comment:

- 26 (19 percent) of the 136 Field Collection cases with the attribute *Right to Representation Not Observed*. IRS Collection Policy management stated that 21 of the 26 cases were potential violations.
- 30 (5 percent) of the 588 Campus Collection cases with the attribute *Comply With Taxpayer Rights*. IRS Collection Policy management stated that none of the 30 cases were potential FTCP violations.

- 11 (100 percent) of the Campus Collection cases with the attribute *Verify POA/3rd Party Designee*. IRS Collection Policy management stated that none of the 11 cases were potential FTCP violations.

While IRS Collection frontline managers had previously determined that these cases were potential FTCP violations, IRS Collection Policy and Office of Chief Counsel management officials stated that many of these cases were not FTCP violations. They provided various case-specific reasons as to why they concluded that the cases were not FTCP violations. For example, they stated that the Form 2848 on file with the IRS did not cover all the tax years that were discussed during the conversation. In many cases, Collection Policy management disagreed with the conclusions of their own frontline managers as to facts in the cases. As a result, not all cases reached a consensus during this review.

We believe the differing opinions occurred in part due to the lack of clear guidance about what is required to comply with the FTCP provisions when a represented taxpayer contacts the IRS seeking assistance. Managers are instructed to follow the attribute rating guidance in the *Embedded Quality Job Aid* for the collection program area reviewed in the EQRS. Each Specialized Product Review Group has its own job aid. We previously reported that Attribute 226 (*Comply with Taxpayer Rights*) was added in March 2024 to the Campus Collection job aids to instruct reviewers to include a narrative detailing the circumstances and the cause of the potential FTCP violation. However, this guidance does not include information about whether a represented taxpayer's telephone call into the Campus Collection function for assistance still constitutes a potential FTCP violation unless the taxpayer consents to proceed without their representative.

Likewise, Field Collection procedures have some guidance related to taxpayers' rights to representation. However, the guidance is not clear about how employees are to proceed when represented taxpayers contact them for assistance, and which situations are reportable by managers as potential FTCP violations. The IRS should improve its guidance in this area to address the lack of clarity about potential FTCP violations when represented taxpayers contact the IRS for assistance. Further, IRS Counsel should be involved in developing new guidance to ensure that proper considerations are given as to what the FTCP provisions require when a represented taxpayer calls into the IRS for assistance. Developing updated guidance will help ensure that potential FTCP violations are consistently tracked in ALERTS and allow management to properly evaluate potential misconduct.

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

Recommendation 2: Coordinate with the Office of Chief Counsel to develop updated guidance and provide training to Collection employees on how to proceed when represented taxpayers call the IRS for assistance, including what constitutes "consent" for purposes of ensuring that the taxpayer either has or has not consented to continuing the conversation without their representative present.

> **Management's Response:** The IRS partially agreed with this recommendation. The IRS developed and plans to deliver training on how to proceed when represented taxpayers call the IRS for assistance as part of the IRS's current Field Collection Continuing Professional Education. In addition, the IRS will issue an Interim Procedural Update for

IRM 1.4.20 to provide Campus Collection managers with clear guidance on FTCP and Internal Revenue Code § 6304.

Office of Audit Comment: We believe that the IRS's planned actions substantially fulfill the intent of the recommendation.

Recommendation 3: Develop updated guidance in the EQRS about what constitutes FTCP violations under I.R.C. § 6304(a)(2) and how to properly document employee casework. Once the guidance is updated, provide training to Collection managers conducting EQRS reviews.

Management's Response: The IRS partially agreed with this recommendation. The IRS will update the EQRS Attribute 226 definition and the associated Master Attribute Job Aids to include clearer guidance and updated examples of FTCP violations, along with improved instructions for documenting employee casework in EQRS. After completing these updates, the IRS will schedule training for Campus Collection managers conducting EQRS reviews.

Office of Audit Comment: The IRS's response only addresses changes relating to Attribute 226; however, our review also identified potential FTCP violations with Attributes 013 and 607. Not addressing these attributes as part of the updated guidance, improved instructions, and training may continue to result in inconsistencies with tracking potential FTCP violations and evaluating potential employee misconduct.

Some Private Collection Agency Employees Potentially Violated the Law When Contacting Taxpayers

Both the FTCP and FDCPA are applicable to the collection work performed by PCAs on IRS accounts. PCAs are required to perform quality assurance reviews by sampling telephone calls and other case actions for each employee using the quality attributes in the *PCA Policy and Procedures Guide*. Results of these reviews should be submitted to the IRS each month in the PCA Quality Review Report. The PCAs must also report incidents and threats to our Office of Investigations, which in turn will report potential violations to the IRS. When potential violations are identified, the PCAs use Corrective Action Reports (CARs) to document potential FDCPA or FTCP violations and disciplinary actions that were taken against employees.[14]

We reviewed PCA incident reports and CARs for the review period July 1, 2024, through June 30, 2025, and identified 56 PCA employee violations (51 potential FDCPA violations and 5 potential FTCP violations).[15] Specifically:

- 28 potential FDCPA violations occurred when employees failed to provide timely validation of debts. PCAs generally issued the Initial Contact Letters timely; however, at one PCA, the IRS identified programming issues delayed or failed to issue letters in 28 accounts they reviewed. The PCA took corrective action to fix the problem.

[14] As of January 2025, the PCAs now use the Potential FDCPA/FTCP Violations Report to document potential FDCPA or FTCP violations and disciplinary actions taken against employees.

[15] The 51 potential FDCPA violations by the PCAs were from 45 cases.

- 18 potential FDCPA violations occurred when employees communicated sensitive taxpayer information, *e.g.*, the existence of a debt, to an unauthorized third party. These employees were either retrained or received a written warning from the PCA.
- 5 potential FDCPA violations occurred when employees either failed to verify Attorney/POA representation or used profanity. These employees either received coaching notes, individual training, or were terminated from the PCA.
- 3 potential FTCP violations occurred when the employee did not verify if the taxpayer was still represented by a POA and did not advise communication needed to be with the POA.

Although these incidents were self-reported, on further review, the PCAs opined that 4 out of 51 potential FDCPA violations were for failure to verify if the taxpayer was still represented by a POA, or the employee continued the call with the taxpayer knowing there was a POA on file.

The employee disciplinary actions for the 56 violations were consistent with each of the PCA's disciplinary policies. It is important for the PCAs to identify potential violations of the law and consistently disclose them to the IRS. All of the PCAs have quality review processes that can potentially identify problematic interactions with taxpayers.

A lawsuit was filed against one PCA alleging violations of the FDCPA

We are required to report whether any administrative or civil actions with respect to the violations of the FTCP have been initiated or judgments or awards granted.[16] The law also provides that a taxpayer may bring a civil action for damages against the federal government if an officer or employee of the IRS recklessly or intentionally, or by reason of negligence, disregards any provision of the law or related regulation in connection with the collection of federal tax.[17] In our Fiscal Year 2025 review, we reported that a lawsuit was filed in May of 2023 against a PCA and was later dismissed. This taxpayer subsequently filed an appeal that was still pending as of June 2026. Additionally, a separate lawsuit against the same PCA was filed in May 2025.[18] This lawsuit alleged that the PCA failed to provide sufficient validation of the taxpayer's alleged debt and failed to respond in a manner compliant with state and federal consumer protection laws. The lawsuit was dismissed in March 2026.

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[16] I.R.C. § 7803(d)(1)(G)(i)-(ii).

[17] I.R.C. § 7433.

[18] *Higgins v. Continental Service Group, LLC*, No. 2:25-CV-00611 (D.P.R. 2025).

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to obtain information on any reported violations of Fair Tax Collection Practices (I.R.C. § 6304) by IRS employees and on any reported or potential violations of the Fair Debt Collection Practice Act (15 U.S.C. §§ 1601 note, 1692-1692p (2010)) by private collection agency employees, including any related administrative or civil actions resulting from those violations. To accomplish our objective, we:

- Performed queries of ALERTS data for FTCP issue codes to identify SB/SE Collection Division cases that were closed from July 1, 2024, through June 30, 2025, for potential FTCP violations, and determined whether any cases resulted in administrative action and whether those actions were within the recommended penalty actions.
- Performed queries of ALERTS data for non-FTCP issue codes to identify SB/SE Collection Division cases that were closed from July 1, 2024, through June 30, 2025, to determine whether any of the cases should have been coded as potential FTCP violations. We also determined whether any cases resulted in administrative action and whether those actions were within the recommended penalty actions.
- Reviewed the EQRS Organization Cumulative Review Feedback Reports for both Field and Campus Collection for July 1, 2024, through June 30, 2025, to determine if any FTCP violations should have been entered into ALERTS. We reviewed the report narratives for Field Collection exceptions to attribute 607 – "Right to Representation Not Observed," and Campus Collection exceptions to attribute 013 – "Verify Power of Attorney/Third Party Designee" and 226 – "Taxpayer Rights."
- Obtained information on any reported violations of the FTCP (I.R.C. § 6304) by PCA employees, including any related administrative or civil actions resulting from those violations.
- Reviewed the PCA CARs and Incident reports for the three PCAs for July 1, 2024, through June 30, 2025.
- Obtained data for all closed cases posted to the ALERTS from July 1, 2024, through June 30, 2025, and determined the reliability of the data.
- Identified potential violations of FTCP and FDCPA by employees of PCAs, including administrative and civil actions in the PCA incident reports and CARs for July 1, 2024, through June 30, 2025.

Performance of This Review

This review was performed with information obtained from the offices of the IRS Human Capital Officer, and the Office of Chief Counsel located in the IRS Headquarters in Washington, D.C.; and the SB/SE Campus and Field Collection Division, located in Lanham, Maryland; and information from all three PCAs during the period November 2025 through June 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 obtained data for all closed cases posting to the ALERTS database from July 1, 2024, through June 30, 2025, (provided to us by our Data Services team for this review) and performed tests to assess the reliability of the data. This team has provided extracts from the ALERTS database in the past for this mandatory review. We evaluated the data by running queries on the population to ensure that the data met our criteria, and no information was missing or incomplete. For example, we verified ALERTS cases were not missing issue codes or disposition codes. We also scanned the case numbers to verify chronological order with no obvious gaps in sequencing. 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: the guidance and policies used to code and work potential FTCP violation cases, the FTCP provisions used to identify potential violations, and the guidance for reporting FTCP violations discovered in EQRS reviews. We evaluated these controls by performing queries on ALERTS data, reviewing employee misconduct case files, and reviewing EQRS case narratives. Additionally, for the three PCAs, we determined the following internal controls were relevant to our audit objective: the procedures for reporting potential FDCPA violations and the actions taken for the potential violations. We evaluated these controls by reviewing the PCAs' CARs and Incident Logs.

Appendix II

Fair Tax Collection Practices Provisions

I.R.C. § 6304: Fair Tax Collection Practices

(a) Communication with the taxpayer - Without the prior consent of the taxpayer given directly to the Secretary or the express permission of a court of competent jurisdiction, the Secretary may not communicate with a taxpayer in connection with the collection of any unpaid tax.

(1) At any unusual time or place or a time or place known or which should be known to be inconvenient to the taxpayer.

(2) If the Secretary knows the taxpayer is represented by any person authorized to practice before the IRS with respect to such unpaid tax and has knowledge of, or can readily ascertain, such person's name and address, unless such person fails to respond within a reasonable period of time to a communication from the Secretary or unless such person consents to direct communication with the taxpayer.

(3) At the taxpayer's place of employment if the Secretary knows or has reason to know that the taxpayer's employer prohibits the taxpayer from receiving such communication.

In the absence of knowledge of circumstances to the contrary, the Secretary shall assume that the convenient time for communicating with a taxpayer is after 8 a.m. and before 9 p.m., local time at the taxpayer's location.

(b) Prohibition of harassment and abuse - The Secretary may not engage in any conduct, the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection of any unpaid tax. Without limiting the general application of the foregoing, the following conduct is a violation of this subsection:

(1) The use or threat of use of violence or other criminal means to harm the physical person, reputation, or property of any person.

(2) The use of obscene or profane language or language the natural consequence of which is to abuse the hearer or reader.

(3) Causing a telephone to ring or engaging any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass any person at the called number.

(4) Except as provided under rules similar to the rules in § 804 of the FDCPA (15 U.S.C. 1692b), the placement of telephone calls without meaningful disclosure of the caller's identity.

(c) Civil action for violations of section - For civil action for violations of this section, see I.R.C. § 7433.

Appendix III

Fair Tax Collection Practices Violation Issue Codes

Issue Code	Description
141	CONTACT TAXPAYER UNUSUAL TIME/PLACE – Valid only in collection matters. Alleged Fair Tax Collection Practices violations only - Contacting a taxpayer before 8 a.m. or after 9 p.m., or at an unusual location or time, or at a location known or which should be known to be inconvenient to the taxpayer.
142	CONTACT TAXPAYER WITHOUT REPRESENTATIVE – Valid only in collection matters. Contacting a taxpayer directly without the consent of the taxpayer's Power of Attorney.
143	CONTACT AT TAXPAYER EMPLOYER; WHEN PROHIBITED – Valid only in collection matters. Contacting a taxpayer at their place of employment when it is known or should be known that the taxpayer's employer prohibits the taxpayer from receiving such communication.
144	TAXPAYER HARASSMENT IN A TAX COLLECTION MATTER – Valid only in collection matters. Any allegation of taxpayer harassment should be reviewed along with I.R.C. § 6304 because the provision is intended to be applied in a general manner when evaluating the alleged employee misconduct. Conduct that is intended to harass a taxpayer, or conduct that uses or threatens to use violence or harm, is an absolute violation of the I.R.C.
145	TAXPAYER ABUSE IN A TAX COLLECTION MATTER – Valid only in collection matters. Any allegation of taxpayer abuse should be reviewed along with I.R.C. § 6304 because the provision is intended to be applied in a general manner when evaluating the alleged employee misconduct. The use of obscene or profane language towards a taxpayer is an absolute violation of the I.R.C.
146	CONTINUOUS TELEPHONE/HARASSMENT – Valid only in collection matters. Causing a taxpayer's telephone to ring continuously with harassing intent.
147	TELEPHONE CALL WITHOUT IDENTIFICATION DISCLOSURE – Valid only in collection matters. Contacting a taxpayer by telephone without providing a meaningful disclosure of the IRS employee's identity.

Source: IRS ALERTS User Manual (February 2020).

Appendix IV

Selection of Non–Fair Tax Collection Practices Violation Issue Codes

Issue Code	Description
013	Misuse of Public Office or Authority (Not RRA 98 § 1203) – Misusing one's public office or authority. These situations can involve on-duty conduct related to official matters. These situations can also involve the misuse of government-issued credentials and employee identification badges to obtain some form of personal gain or benefit.
020	Fighting, Assault, or Threats (Not RRA § 1203) – Employee altercations that occur during official duty hours.
058	UNPROFESSIONAL CONDUCT – On-duty behavior that is rude, discourteous, or unprofessional. This does not include violations of the Fair Tax Collection Practices.
090	Rude/Discourteous Conduct – This code has been deactivated but can still be used in a query.
102	Denial of Award/Recognition – An employee is denied an award or other recognition based on misconduct, which the agency determines has a direct impact on the Integrity of the Service.
103	Failure to follow Established/Written Procedures.
114	RRA 98 § 1203(b)(5): Conviction Assault/Battery – Assault or battery on a taxpayer, taxpayer representative, or other employee of the IRS, if there is a criminal conviction or final court judgment in a civil case. SPECIAL NOTE: Only the commissioner has the delegated authority to mitigate a removal if this issue is supported by preponderant evidence.
115	RRA 98 § 1203(b)(6): VIOLATION OF THE I.R.C., Internal Revenue Manual, OR TREASURY REGULATIONS FOR THE PURPOSE OF RETALIATION – Violations of the I.R.C. of 1986, Department of the Treasury regulations, or policies of the IRS (including the Internal Revenue Manual) for the purpose of retaliating against, or harassing, a taxpayer, taxpayer representative, or other employee of the IRS.
119	RRA 98 § 1203(b)(10): Threat of Audit/Personal – Threatening to audit a taxpayer for the purpose of extracting personal gain or benefit. SPECIAL NOTE: Only the Commissioner has the delegated authority to mitigate a removal if this issue is supported by preponderant evidence.
699	Other – Valid only for Criminal Investigation Employees.
953	Personnel/Labor Relations Issue.
954	Personal Taxpayer Business Tax Issues.
999	NOT OTHERWISE CODED – Used to identify any matter that has not been defined by the other issue codes available. SPECIAL NOTE: The use of this issue code requires a more detailed explanation in the Facts and Analysis Section of ALERTS.

Source: IRS ALERTS Database Manual (February 2020) and Issue Code Database. These codes were used in our review of non-FTCP codes that could potentially relate to violations of taxpayers' FTCP rights.

Appendix V

Fair Debt Collection Practices Act Provisions

The FDCPA is the main federal law that governs debt collection practices. The FDCPA prohibits debt collection companies from using abusive, unfair, or deceptive practices to collect debts. Provisions of the FDCPA that debt collection companies must follow include:[1]

15 U.S.C § 1692b: Acquisition of location information – Any debt collector communicating with any person other than the consumer for the purpose of acquiring location information about the consumer shall:

(2) Not state that such consumer owes any debt.

15 U.S.C § 1692c: Communication in connection with debt collection

(a) Communication with the consumer generally without the prior consent of the consumer given directly to the debt collector or the express permission of a court of competent jurisdiction, a debt collector may not communicate with a consumer in connection with the collection of any debt:

(1) At any unusual time or place or a time or place known, or which should be known to be inconvenient to the consumer. In the absence of knowledge of circumstances to the contrary, a debt collector shall assume that the convenient time for communicating with a consumer is after 8 o'clock antemeridian and before 9 o'clock postmeridian, local time at the consumer's location.

(2) If the debt collector knows the consumer is represented by an attorney with respect to such debt and has knowledge of, or can readily ascertain, such attorney's name and address, unless the attorney fails to respond within a reasonable period of time to communication from the debt collector or unless the attorney consents to direct communication with the consumer.

(b) Communication with third parties except as provided in § 1692b of this title, without the prior consent of the consumer given directly to the debt collector, or the express permission of a court of competent jurisdiction, or as reasonably necessary to effectuate a post-judgment judicial remedy, a debt collector may not communicate, in connection with the collection of any debt, with any person other than the consumer, his attorney, a consumer reporting agency if otherwise permitted by law, the creditor, the attorney of the creditor, or the attorney of the debt collector.

(c) Ceasing communication – If a consumer notifies a debt collector in writing that the consumer refuses to pay a debt or that the consumer wishes the debt collector to cease further communication with the consumer, the debt collector shall not communicate further with the consumer with respect to such debt, except –

(1) To advise the consumer that the debt collector's further efforts are being terminated.

[1] The provisions in this appendix only represent sections of 15 U.S.C. § 1692–1692p violated by the three PCAs in the period July 01, 2024, through June 30, 2025.

(2) To notify the consumer that the debt collector or creditor may invoke specified remedies, which are ordinarily invoked by such debt collector or creditor.

(3) Where applicable, to notify the consumer that the debt collector or creditor intends to invoke a specified remedy.

(d) "Consumer" defined: For the purpose of this section, the term "consumer" includes the consumer's spouse, parent (if the consumer is a minor), guardian, executor, or administrator.

15 U.S.C § 1692d: Harassment or abuse - A debt collector may not engage in any conduct the natural consequence of which is to harass, oppress, or abuse by any person in connection with the collection of a debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

(1) The use or threat of use of violence or other criminal means to harm the physical person, reputation, or property of any person.

15 U.S.C § 1692g: Validation of debts

(a) Notice of debt; contents - Within five days after the initial communication with a consumer in connection with the collection of any debt, a debt collector shall, unless the following information is contained in the initial communication or the consumer has paid the debt, send the consumer a written notice containing:

(1) The amount of the debt.

(2) The name of the creditor to whom the debt is owed.

(3) A statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector.

(4) A statement that if the consumer notifies the debt collector in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the debt collector will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by the debt collector.

(5) A statement that, upon the consumer's written request within the thirty-day period, the debt collector will provide the consumer with the name and address of the original creditor, if different from the current creditor.

Appendix VI

Management's Response to the Draft Report

HUMAN CAPITAL OFFICE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

September 9, 2026

MEMORANDUM FOR DIANA M. TENGESDAL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Alex Kweskin Alexander C. Kweskin Digitally signed by Alexander C. Kweskin Date: 2026.09.09 12:22:12 -04'00'
IRS Chief Human Capital Officer

SUBJECT: Draft Audit Report – Fiscal Year 2026 Statutory Review of Potential Fair Tax Collection Practices Violations (Audit No.: 2026300005)

The Treasury Inspector General for Tax Administration (TIGTA) reviews Internal Revenue Service (IRS) actions to improve the reporting of potential Fair Tax Collection Practices (FTCP) and Fair Debt Collection Practices Act (FDCPA) violations. The issues identified by TIGTA occurred during July 1, 2024, through June 30, 2025, during the previous administration and during the tenure of the former Human Capital Officer. The IRS appreciates TIGTA's findings and is committed to resolving these issues expeditiously.

In 2026, the IRS found no evidence of potential FTCP violations in the sample exception cases TIGTA identified and provided for Campus Collection employees. While opportunities remain to improve Campus managers' understanding of defect coding in the Embedded Quality Review System and reporting of potential FTCP violations to Employee Relations (ER) specialists, when appropriate, the IRS's ongoing partnership with TIGTA has, and continues to, strengthen quality assurance, training, and guidance for managers and ER specialists involved in potential FTCP violation reviews.

The IRS remains committed to ensuring taxpayers are treated fairly by both the IRS and Private Collection Agencies (PCAs). Compliance with the IRS Restructuring and Reform Act of 1998 guides the IRS in identifying, investigating, and reporting potential violations of the FTCP by employees and potential violations of the FDCPA by the PCAs. This framework helps ensure taxpayer interactions with the IRS and the PCAs are free from collection abuses and harassment.

Thank you for acknowledging the IRS had no cases resulting in monetary awards to taxpayers for damages arising from FTCP violations and that employee disciplinary actions for FDCPA violations were consistent with each PCA's disciplinary policy.

Responses to the recommendations are attached. If you have any questions, please contact me, at (202) 317-5240, or a member of your staff may contact Mike Radock, Acting Director, Human Resources Operations and Shared Services at (321) 253-7625.

Attachment

Attachment

Fiscal Year 2026 Statutory Review of Potential Fair Tax Collection Practices Violations *(Audit No.: 2026300005)*

Recommendations

RECOMMENDATION 1
The Director, Human Resources Operations and Shared Services should revise its Standard Procedure Guide to provide specific guidance on correctly coding FTCP violations. In addition, training should be provided to Employee Relations specialists on the importance of the right to representation

CORRECTIVE ACTIONS
We partially agree with this recommendation. The Internal Revenue Service (IRS) will revise the Standard Procedure Guide to address Fair Tax Collection Practices (FTCP) issues in the new case management system and emphasize the importance of each FTCP issue code including the taxpayers' right to representation. Employee Relations does not agree that additional training is warranted, as the issue is more appropriately addressed through clarified guidance and written communication rather than formal training.

IMPLEMENTATION DATE
November 15, 2026

RESPONSIBLE OFFICIAL
Director, Human Resources Operations and Shared Services

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

RECOMMENDATION 2
The Director, Collection, SB/SE Division, should coordinate with the Office of Chief Counsel to develop updated guidance and provide training to Collection employees on how to proceed when represented taxpayers call the IRS for assistance, including what constitutes "consent" for purposes of ensuring that the taxpayer either has or has not consented to continuing the conversation without their representative present.

CORRECTIVE ACTIONS
We partially agree with this recommendation. The IRS developed and will deliver training on how to proceed when represented taxpayers call the IRS for assistance as part of our current Field Collection Continuing Professional Education. The IRS will issue an Interim Procedural Update for IRM 1.4.20 to provide Campus Collection managers with clear guidance on FTCP and Internal Revenue Code § 6304.

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IMPLEMENTATION DATE
November 15, 2026

RESPONSIBLE OFFICIAL
Director, Collection Policy, Small Business/Self-Employed (SB/SE) Division

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

RECOMMENDATION 3
The Director, Collection, SB/SE Division, should develop updated guidance in the EQRS about what constitutes FTCP violations under I.R.C. § 6304(a)(2) and how to properly document employee casework. Once the guidance is updated, provide training to Collection managers conducting EQRS reviews.

CORRECTIVE ACTIONS
We partially agree with this recommendation. The IRS will update the Embedded Quality Review System (EQRS) Attribute 226 definition and the associated Master Attribute Job Aids to include clearer guidance and updated examples of FTCP violations, along with improved instructions for documenting employee casework in EQRS. After completing these updates, the IRS will schedule training for Campus Collection managers conducting EQRS reviews.

IMPLEMENTATION DATE
December 15, 2026

RESPONSIBLE OFFICIAL
Director, Collection Quality and Technical Support, SB/SE Division

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

Appendix VII

Abbreviations

ALERTS	Automated Labor and Employee Relations Tracking System
CAR	Corrective Action Report
EQRS	Embedded Quality Review System
FDCPA	Fair Debt Collection Practices Act
FTCP	Fair Tax Collection Practices
HCO	Human Capital Office
I.R.C.	Internal Revenue Code
IRS	Internal Revenue Service
PCA	Private Collection Agency
POA	Power of Attorney
SB/SE	Small Business/Self-Employed Division

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.