

# GAO Highlights

Highlights of [GAO-24-106140](#), a Report to the Ranking Member, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

IRS attempts to collect tax debts to help reduce the tax gap and promote voluntary compliance. A 2015 law establishing the PDC program requires IRS to contract with private collection agencies for certain tax debts, including those IRS determined it lacked resources to pursue.

GAO was asked to review the PDC program. This report (1) identifies characteristics of taxpayers in the program, and (2) assesses the extent to which IRS is effectively managing the program and promoting equitable outcomes among taxpayers.

GAO used IRS data to identify characteristics of taxpayers assigned to the PDC program from calendar years 2017 through 2023. GAO reviewed documentation and interviewed IRS officials about IRS's PDC program management and efforts to promote equitable outcomes.

## What GAO Recommends

GAO is making four new recommendations, including that IRS establish clear goals or targets for its Special Compliance Fund; establish standards to assess equity related to the PDC program, and address any issues; and provide taxpayers excluded from the PDC program tailored information about their cases. GAO also maintains that two open recommendations from 2019 are warranted and should be fully implemented to improve program results, as discussed in the report.

IRS agreed with all four of GAO's new recommendations.

View [GAO-24-106140](#). For more information, contact Jessica Lucas-Judy at (202) 512-6806 or [lucasjudyj@gao.gov](mailto:lucasjudyj@gao.gov).

February 2024

# PRIVATE DEBT COLLECTION PROGRAM

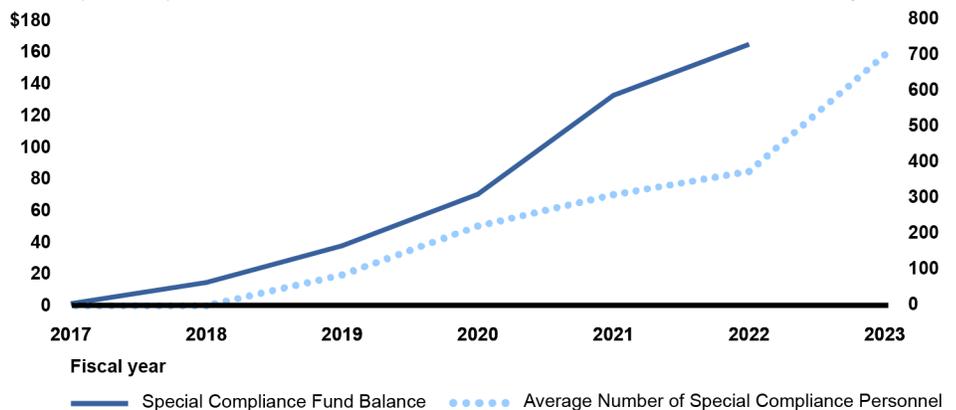
## IRS Could Improve Results and Better Promote Equitable Outcomes for Taxpayers

### What GAO Found

The Internal Revenue Service (IRS) assigns taxpayers with certain inactive tax debts to private collection agencies—rather than IRS's collection function—under its Private Debt Collection (PDC) program. The majority of individual and business taxpayers IRS assigned to the PDC program owed \$5,000 or less and did not file income tax returns. Of individual taxpayers who did file, generally more than half filed as single, had no dependents, or reported an income of \$50,000 or less.

IRS allocates a portion of the payments recovered under the PDC program to its Special Compliance Personnel Program Fund. It uses the fund to hire IRS personnel to work other, non-PDC collection cases. The fund balance grew to over \$160 million in fiscal year 2022. IRS has not established clear goals for managing this fund, which could help it optimize the fund's performance.

**IRS's Special Compliance Personnel Program Fund Balance Growth and Hires**  
Dollars (in millions)



Source: GAO analysis of Internal Revenue Service data. | [GAO-24-106140](#)

Note: Fund data for 2023 were not publicly available as of January 2024.

Department of the Treasury and IRS have established policies that call for IRS to evaluate enforcement equity, but IRS has not yet established measurable standards related to the PDC program, such as for comparing rates that different demographic groups are assigned to the program. Doing so would better position IRS to determine whether taxpayers with debt get equitable services, information, and opportunities to meet their tax obligations.

Certain taxpayers are legally excluded from the program, including more than 1 million taxpayers with limited financial means. Excluded taxpayers receive one mailed notice per year with mostly boilerplate language about unpaid taxes. Without tailored information, these taxpayers may not be aware of their cases' statuses, the consequences of not resolving their debts, and the best options to resolve their debts. In addition, IRS has not yet addressed two GAO recommendations from 2019, which if implemented, could improve PDC program efficiency and enhance revenue collection.