



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

January 13, 2021

Control Number: SBSE-05-0121-0007  
Expiration Date: September 15, 2021  
Affected IRMS: 5.11.2; 5.19.4

MEMORANDUM FOR ALL COLLECTION EXECUTIVES

FROM: Ronald Takakjy  
Acting Director, Collection Policy

SUBJECT: Pre and Post Levy Actions Involving Economic Aid  
Act Paycheck Protection Program (PPP) Funds  
(Deviation)

With this memorandum, we are implementing a temporary deviation that provides guidance as to the collection activities that modify release of levy procedures in certain situations.

The Paycheck Protection Program (PPP), established by the CARES Act was amended by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) passed on December 27, 2020. A second round of PPP funds is available to both first time recipients and those who received PPP funds previously. This program is implemented by the Small Business Administration and provides small businesses with funds to pay certain expenses.

PPP funding was designed to allow businesses to satisfy the payroll of employees who may suffer greatly without the income source during the COVID-19 pandemic. Funds are provided in the form of loans that may be fully forgiven when qualifying criteria are met.

**Pre-levy determinations**

- Field employees should use Soft Contact Procedures (IRM 5.1.12.2.7) prior to initiating enforcement actions. If possible, determine if the taxpayer secured a PPP loan and in what amount, where the funds were deposited, and when.
- When known, employees should not levy on a bank account that contains PPP funds received within the prior 24 weeks.

**Levy Release Determinations** (See IRM 5.11.2.3 & 5.19.4.4.10)

When PPP funds are levied inadvertently, employees must release the levy on the PPP funds. If an employee believes that exigent circumstances exist to not release the levy on PPP funds the matter must be elevated to the Area Director or Campus Director and documented in the case history before communicating any decision to the taxpayer.

- An exigent circumstance involves the final loss of opportunity for the government to collect taxes due, such as the expiration of the statute of limitations, assets that taxpayers place beyond the reach of the government, etc. Generally, the taxpayer's indication that he/she may file for bankruptcy is not an exigent circumstance.

## Additional References:

- [Expiration of People First Initiative Suspension of Certain Collection Activities](#), dated July 10, 2020
- [Field Collection Interim Guidance for COVID-19](#), dated July 10, 2020
- [SBSE-05-1020-0090](#), "Pre and Post Levy Actions Involving Paycheck Protection Program (PPP) Funds," dated October 30, 2020

If you have any questions, a member of your staff may contact Collection Policy Enforcement Program Analysts James Maslanka, Michael Williams, or Suzanne Wolfe.

cc: Director, Collection  
Director, Headquarters Collection  
Director, Campus Collection  
Director, Field Collection  
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