



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

Small Business/Self-Employed Division

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MEMORANDUM FOR DIRECTOR, COLLECTON POLICY
DIRECTORS, FIELD COLLECTION AREA OPERATIONS

FROM: Rennae L. Ward /s/ **Rennae L. Ward**
Director, Collection Analytics, Automation, Inventory
Selection and Delivery SE:S:ECS:CAISD

SUBJECT: Federal Payment Levy Program 100% Levy Authority

This memorandum provides new information on the Federal Payment Levy Program (FPLP). Please ensure this information is distributed to all affected employees within your organization.

Starting April 8, 2012, the FPLP will increase its continuous levy authority from 15% to 100% on all new and existing federal contractor/vendor payment levies. The *3% Withholding Repeal and Job Creation Act of 2011* expands IRC 6331(h)(3) to allow the FPLP to continuously levy 100% of vendor payments for "property, goods, or services," instead of only "goods or services", sold or leased to the federal government. This new law clarifies the language to cover all vendor payments that can be levied at 100%. Prior to this change, the FPLP levied only Defense and U.S. Postal Service contractor/vendor payments at the 100% levy authority since those payments were identified as payments from "goods and services."

Internal Revenue Manual (IRM) 5.11.7.2, *Collection, Notice of Levy, Automated Levy Programs, FPLP*, will be updated to incorporate this change. Information on how to recognize that the FPLP is levying a contractor/vendor payment is explained in IRM 5.11.7.2.3.2, *Matching Process (TC 971 AC 062)* and IRM 5.11.7.2.3.4, *Levy Service Process (TC 971 AC 662 or 762)*.

If you have any questions, a member of your staff may contact Lisa Lapanan, Senior Tax Analyst, at 202-283-2267 or via e-mail at lisa.g.lapanan@irs.gov.

cc: www.irs.gov