IRS

The **IRS** Collection Process

Publication 594

This publication provides a general description of the IRS collection process. The collection process is a series of actions that the IRS can take to collect the taxes you owe if you don't voluntarily pay them. The collection process will begin if you don't make your required payments in full and on time, after receiving your bill.

Please keep in mind that this publication is for information only, and may not account for every tax collection scenario. It's also not a technical analysis of tax law and does not include a detailed explanation of your rights. For an explanation of your rights, please see Publication 1, Your Rights as a Taxpayer.

If you have questions or need help

Please visit IRS.gov for your tax needs. You can get answers to your tax questions from the Interactive Tax Assistant IRS.gov/ITA. You can also check IRS.gov/Forms-&-Pubs to find all the IRS tax forms and publications mentioned here and the IRS video portal at www.irsvideos.gov to view informational videos on a variety of topics in this publication.

You can also call the number on your bill or visit your local IRS office for assistance. If you don't have a bill, please go to the IRS.gov/payments page and click on View Your Balance or call 1-800-829-1040 (individuals) or 1-800-829-4933 (businesses). Before visiting your local IRS office, check the "Services Provided" and the hours of operation at www.irs.gov/localcontacts. Use the "Office Locator" link by entering your zip code to locate the nearest office which will give you the office address, hours of operation, and services provided.

Overview: Filing a tax return, billing, and collection

After you file your tax return and/or a final decision is made establishing your correct tax, we record the amount in our records. If you owe, we will send a bill for the amount due, including any penalties and interest. If you don't pay or make arrangements to pay, we can take actions to collect the debt. Our goal is to work with you to resolve your debt before we take collection actions. If your bill is for an individual shared responsibility payment as a result of the Affordable Care Act, the amount owed is not subject to the failure to pay penalty, levies or the filing of a Notice of Federal Tax Lien. However, interest will continue to accrue and the Service may offset federal tax refunds until the balance is paid in full.

➜ General steps from billing to collection

You file your tax return. Most returns are filed annually (by April 15th) or quarterly (businesses with employees).

1. **If you owe taxes, we will send you a bill.** This is your first bill for tax due. Based on your return, we will calculate how much tax you owe, plus any interest and penalties.
2. **If you don't pay your first bill, we will send you at least one more bill.** Remember, interest and penalties continue to accrue until you've paid your full amount due.
3. **If you still don't pay after you receive your final bill, we will begin collection actions.** Collection actions can range from applying your subsequent tax year refunds to tax due (until paid in full) to seizing your property and assets. This could include an unannounced visit from a Revenue Officer to your home or business. See Role of the Revenue Officer

➜ What you should do when you get an IRS bill

If you agree with the information on the bill, pay the full amount before the due date. If you can't pay the full amount due, pay as much as you can and visit www.irs.gov/payments to consider our online payment options. Our online payment options include the Online Payment Agreement application which allows you to set up an installment agreement online. If you do not qualify for our online payment options, immediately contact us by calling the telephone number on your bill to explain your situation. You should have your financial information available, including your monthly income and expenses. Based on your ability to pay, we may provide you with alternate payment options such as setting up an installment agreement online.

If you disagree with the information on the bill, call the number on it, or visit your local IRS office. Be sure to have a copy of the bill and any tax returns, cancelled checks, or other records that will help us understand why you believe your bill is wrong. If we find that you're right, we will adjust your account and, if necessary, send a revised bill.

If you don't pay the amount due or tell us why you disagree with it, we may take collection actions.

If you are in bankruptcy, please notify us immediately. The bankruptcy may not eliminate your tax debt, but we may temporarily stop collection. Call the number on your bill or 1-800-973-0424. Have the following information available: the location of court, bankruptcy date, chapter and bankruptcy number.

➜ Who to contact for help

The Internal Revenue Service

Make IRS.gov your first stop for your tax needs. You can find answers with the Interactive Tax Assistant at IRS.gov/ITA. Please don't hesitate to contact us with any questions you may have. Call the number on your bill or 1-800-829-1040. You can find answers to your questions at IRS.gov or by visiting your local IRS office to speak with an IRS representative in person.

Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service that helps taxpayers and protects taxpayer rights. They help taxpayers whose problems with the IRS are causing financial difficulties, who've tried but have not been able to resolve their problems with the IRS, or believe an IRS system or procedure isn't working as it should. Their service is free. Your local advocate's number is at taxpayeradvocate.irs.gov and in your local directory. You can also call them at 1-877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov.

Low Income Taxpayer Clinics

Assistance can be obtained from individuals and organizations that are independent from the IRS. IRS Publication 4134, provides a listing of *Low Income Taxpayer Clinic List (LITCs)* and is available at www.irs.gov. Also, see the LITC page at www.taxpayeradvocate.irs.gov/litcmap. Assistance may also be available from a referral system operated by a state bar association, a state or local society of accountants or enrolled agents or another nonprofit tax professional organization. The decision to obtain assistance from any of these individuals and organizations will not result in the IRS giving preferential treatment in the handling of the issue, dispute or problem. You don't need to seek assistance to contact them. They will be pleased to deal with you directly and help you resolve your situation.

Ways to pay your taxes

To explore all of your payment options visit IRS.gov/payments. To minimize interest and penalties, we recommend paying your taxes in full. However, if you're unable to pay in full, you can request an Installment Agreement or Offer in Compromise. These payment plans allow you to pay your taxes in installments over time, to pay less than you owe, or both. It's also important to stay current on your payments for future taxes. This means making your estimated tax payments, withholding payments, or federal tax deposits as required by law.

➜ Options for paying in full

Electronic payments

We offer several electronic payment options. You can pay online, by phone or from your mobile device with the IRS2Go app. Go to IRS.gov/payments for the payment options, telephone numbers and easy secure ways to pay your taxes.

IRS Direct Pay

IRS Direct Pay is free and available at IRS.gov/DirectPay, where you can securely pay your taxes directly from your checking or savings accounts without any fees or pre-registration. Schedule payments up to 30 days in advance, and receive instant confirmation that you submitted your payment

Debit or credit card

You can pay your taxes by debit or credit card. Both paper and electronic filers can pay their taxes by phone or online through any of the authorized debit and credit card processors. Though the IRS does not charge a fee for this service, the card processors do. Go to IRS.gov/payments for authorized card processors and their phone numbers.

IRS2Go

To pay your federal taxes quickly on the go, use the IRS2Go mobile app. IRS2Go provides easy access to Direct Pay, offering you a free, secure way to pay directly from your checking or savings account. You can also make a debit or credit card payment through an approved payment processor for a fee. You can download IRS2Go from Google Play Store, the Apple App Store or Amazon Appstore,, to pay your taxes anytime, anywhere.

Electronic Federal Tax Payment System

The Electronic Federal Tax Payment System is a free service that gives taxpayers a safe and convenient way to pay individual and business taxes by phone or online. To enroll or for more information, visit EFTPS.gov or call 800-555-4477.

Cash
Taxpayers without bank accounts or if cash is their only option can pay using the new PayNearMe option. Because PayNearMe involves a three-step process, the IRS urges taxpayers choosing this option to start the process well ahead of the tax deadline to avoid interest and penalty charges. The IRS offers this option in cooperation with OfficialPayments.com/fed and participating 7-Eleven stores in 34 states. Details,including answers to frequently-asked questions, are at IRS.gov/paywithcash.

Pay by mail or visit us in person at a local IRS office
You can mail a check to us at the address listed on your notice or bring it to your local IRS office. Make checks payable to the Department of the Treasury.

➜ Options if you can't pay in full now

Apply for an Installment Agreement (Payment Plan)
An Installment Agreement with the IRS means that we will allow you to make smaller periodic payments over time if you can't pay the full amount at once. A setup fee applies to all agreements over 120 days. There are several ways to apply for an Installment Agreement:

- **Online, using the Online Payment Agreement application at** www.irs.gov/OPA. You can apply online for a reduced setup fee if the total combined balance of individual income tax, penalty and interest you owe is $50,000 or less. Short-term payment plans of 120-days or less and monthly installment agreements are available. If you own a business and owe $25,000 or less in combined payroll taxes, penalty and interest for the current and prior calendar year, you can also use the Online Payment Agreement to request a installment agreement. To view an instructional video on the Online Payment Agreement application, visit Online Payment Agreement.
- **By phone** Please call the number on your bill or 1-800-829-1040.
- **By mail** Please complete Form 9465, *Installment Agreement Request*. In addition to Form 9465, if you want to make your payments by payroll deduction, complete Form 2159, *Payroll Deduction Agreement*. If you owe more than $50,000, you will also need to complete Form 433F, *Collection Information Statement*. Mail your form to the address on your bill.
- **In person** at your local IRS office near you, please visit www.irs.gov/localcontacts.

If you request a payment plan online you will receive immediate notification if your agreement is approved. If you request a payment plan by mail, you can reduce the accrual of penalties and interest by making voluntary payments until you're notified whether we've accepted your payment plan request. Our acceptance of your interim payments doesn't mean we've approved your request. We will notify you in writing once we've made our decision.

With an Installment Agreement, you can pay by direct debit, through payroll deductions, electronic funds transfer or check. The setup fee is reduced if you make your payments by direct debit. You can also pay a reduced user fee if you meet our low-income guidelines. The reduced fee can even be waived completely or reimbursed if you meet our low-income guidelines. For more information, see Form 13844, *Application for Reduced User Fee for Installment Agreements*. You do not need to submit the user fee with your installment agreement application. The fee can be taken from the initial payments made once the installment agreement is accepted.

To be eligible for an Installment Agreement, you must file all required tax returns. Prior to approving your Installment Agreement request, we may ask you to complete a Collection Information Statement (Form 433F, 433-A and/or Form 433-B) and provide proof of your financial status. Please have your financial information available if you apply over the phone or at an IRS office. For more information, see Publication 1854, *How to Complete a Collection Information Statement* (Form 433-A).

If we approve your request, we will still charge applicable interest and penalties until you pay the balance due in full, and may file a Notice of Federal Tax Lien (see page 5). If we reject your Installment Agreement request, you may request that the Office of Appeals review your case. For more information, see Publication 1660, *Collection Appeal Rights*.

If you're unable to meet the terms of your approved Installment Agreement, please contact us immediately.

Apply for an Offer in Compromise
You may be eligible for an Offer in Compromise if you can't pay the amount you owe in full or through installments. By requesting an Offer in Compromise, you're asking to settle unpaid taxes for less than the full amount you owe. We may accept an Offer in Compromise if:

- We agree that your tax debt may not be accurate,
- You have insufficient assets and income to pay the amount due, or
- Because of your exceptional circumstances, paying the amount due would cause an economic hardship or would be unjust.

For an Offer in Compromise to be considered, you must pay an application fee and make an initial or periodic payment for all Form 656 submissions. However, low income taxpayers may qualify for a waiver of the application fee and initial or periodic payment. For more information, please see the Low-Income Certification form found in Form 656-B, Offer in Compromise Booklet.

Before we can consider your offer, you must file all tax returns you are legally required to file, make all required estimated tax payments for the current year, and make all required federal tax deposits for the current quarter. We can't consider your offer if you are in bankruptcy or and generally if you are currently undergoing an audit. Use the Offer in Compromise Pre-Qualifier to explore the possibility that the Offer in Compromise program may be a realistic option to resolve your balance due. To apply for an Offer in Compromise, complete one of the following forms:

- Form 656-L**, *Offer in Compromise (Doubt as to Liability)***
  Complete this if there is a genuine dispute as to the existence or amount of the correct taxt debt under the law.
- Form 656**, *Offer in Compromise***
  Complete this if you're unable to pay the amount due, or have an economic hardship, or have another special circumstance that would cause paying the amount due to be unjust.

For more information, see Form 656-B, *Offer in Compromise Booklet* or visit www.irs.gov/Individuals/Offer-in-Compromise-1.

➜ If you are unable to pay at this time

Ask that we delay collection and report your account as currently not collectable
If you can't pay any of the amount due because payment would prevent you from meeting basic living expenses, you can request that we delay collection until you're able to pay. Prior to approving your request, we may ask you to complete a Collection Information Statement and provide proof of your financial status. Please remember that even if we delay collection, we will still charge applicable penalties and interest until you pay the full amount, and we may file a Notice of Federal Tax Lien (see page 5). We may also request updated financial information during this temporary delay to review your ability to pay.

➜ How long we have to collect taxes

We can attempt to collect your taxes up to 10 years from the date they were assessed. However, there are ways this time period can be suspended. For example, by law, the time to collect may be suspended while:

- We're considering your request for an Installment Agreement or Offer in Compromise. If your request is rejected, we will suspend collection for another 30 days, and during any period the Appeals Office is considering your appeal request.
- You live outside the U.S. continuously for at least 6 months. Collection is suspended while you're outside the U.S.
- The tax periods we're collecting on are included in a bankruptcy with an automatic stay. We will suspend collection for the time period we can't collect because of the automatic stay, plus 6 months.

- You request a Collection Due Process hearing. Collection will be suspended from the date of your request until a Notice of Determination is issued or the Tax Court's decision is final.
- We're considering your request for Innocent Spouse Relief. Collection will be suspended from the date of your request until 90 days after a Notice of Determination is issued, or if you file a timely petition to the Tax Court, until 60 days after the Tax Court's final decision. If you appeal the Tax Court's decision to a U.S. Court of Appeals, the collection period will begin 60 days after the appeal is filed, unless a bond is posted.

➜ How to appeal an IRS decision

You have the right to appeal most collection actions to the IRS Office of Appeals (Appeals). Appeals is separate from and independent of the IRS Collection office that initiates collection actions. Appeals ensures and protects its independence by adhering to a strict policy prohibiting certain communications with the IRS Collection office or other IRS offices, such as discussions regarding the strength or weakness of your case. When an IRS office is to be engaged in discussions, you will be invited to participate in the conference, or provided any written document to give you an opportunity to comment. Your main options for appeals are the following: Collection Due Process or Collection Appeals Program

Collection Due Process

The purpose of a Collection Due Process hearing is to have Appeals review collection actions that were taken or have been proposed. After Appeals has made their determination and you do not agree, you can go to court to appeal the Appeals' Collection Due Process determination. You can request a Collection Due Process hearing if you receive any of the following notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing
- Final Notice—Notice of Intent to Levy and Notice of Your Right to a Hearing
- Notice of Jeopardy Levy and Right of Appeal
- Notice of Levy on Your State Tax Refund—Notice of Your Right to a Hearing
- Notice of Levy and of Your Right to a Hearing

To request a Collection Due Process hearing, complete Form 12153, *Request for a Collection Due Process* or Equivalent Hearing or a written request containing the same information as contained in Form 12153, and send it to the address on your notice. You must request a Collection Due Process hearing by the date indicated in the notice we send you (for proposed levies, that date is 30 days from the date of the letter). The request must be filed timely to preserve your right to judicial review of the determination issued in your Collection Due Process hearing. If your request for a Collection Due Process hearing is not timely, you can request an Equivalent Hearing within one year from the date of the notice, but you cannot go to court if you disagree with Appeals' decision.

During a Collection Due Process hearing, the 10-year period for collecting taxes is suspended and we are generally prohibited from seizing (levying) your property, if seizing your property is the subject of the hearing. We are permitted to seize your property during an Equivalent Hearing or a Collection Due Process hearing about filing of a Notice of Federal Tax Lien, but normally we will not seize property during these hearings. The 10-year period for collecting taxes is not suspended during an Equivalent Hearing.

You are entitled to only one Collection Due Process lien hearing and one levy hearing for each tax period or assessment. You are entitled to propose collection alternatives, such as entering into an installment agreement or an offer-in-compromise, for consideration by Appeals in the hearing. It may be necessary for you to submit financial information or tax returns to qualify for such collection alternatives.

All issues should be raised and all necessary supporting information presented to Appeals at the hearing. You are prevented from raising issues during a judicial review that were not properly raised with Appeals in the Collection Due Process hearing. Your Appeals conference may be held by telephone, correspondence, or, if you qualify, in a face-to-face conference at the Appeals office closest to your home or place of business. You may be denied a face-to-face conference if you raise issues that are deemed frivolous or made with a desire solely to delay or impede collection. For a nonexclusive listing of issues identified by the IRS as frivolous, see "The Truth About Frivolous Tax Arguments" on IRS.gov. For more information about Collection Due Process see Publication 1660.

Collection Appeals Program

Under the Collections Appeals Program, if you disagree with an IRS employee's decision regarding any levy, seizure, or Notice of Federal Tax Lien filing and want to appeal it, you can ask to have a conference with the employee's manager. If we seize your house, car, or other property in order to sell your interest in the property to apply the proceeds to your tax debt, you must make the request within 10 business days after the Notice of Seizure is given to you or left at your home or business. There is no deadline to request a manager conference when a levy is served for other types of property (such as wages or bank accounts) or a levy or seizure or Notice of Federal Tax Lien filing is proposed. The collection action may go forward if a conference is not requested within a reasonable time period.

If you then disagree with the manager's decision, you may request the IRS Office of Appeals review your case under the Collection Appeals Program as outlined in Publication 1660. If your case is assigned to a Revenue Officer, your request for Appeals consideration should be made within three (3) business days of the conference with the manager or collection actions may resume. You must submit your request for Appeals consideration in writing, preferably on Form 9423, *Collection Appeal Request*. If your case is not assigned to a Revenue Officer, you can appeal the manager's decision in writing or orally and your case will be forwarded to Appeals for review. Your request for Appeals consideration should be made within three (3) business days of the conference with the manager or collection actions may resume.

If you request a conference and are not contacted by a manager or his/her designee within two (2) business days of making the request, you may contact Collection again and request Appeals consideration. If you submit Form 9423, note the date of your request for a conference in Block 15 and indicate that you were not contacted by a manager. The Form 9423 should be received or postmarked within four (4) business days of your request for a conference as collection action may resume. Submit Form 9423 to the Revenue Officer involved in the lien, levy or seizure action.

If you file a Collection Appeals Request and do not agree with Appeals decisions, you cannot proceed to court.

Instances in which you can pursue the Collection Appeals Program include, but aren't limited to:

- Before or after we file a Notice of Federal Tax Lien
- Before or after we seize ("levy") your property
- After we reject, terminate, or propose to terminate your Installment Agreement (a conference with the manager is recommended, but not required). Submit your written Installment Agreement Appeal request, preferably using Form 9423, *Collection Appeal Request*, within the timeframe listed in your notice.

For more information about the Collection Due Process and Collection Appeals Program, please see Publication 1660, Collection Appeal Rights or visit www.irs.gov/Individuals/Appealing-a-Collection-Decision.

If you don't pay on time: Understanding collection actions

There are several words and phrases particular to the collection process. Here, we've defined some of the most common collection terms:

Federal Tax Lien: A legal claim against all your current and future property, such as a house or car, and rights to property, such as wages and bank accounts. The lien automatically comes into existence if you don't pay your amount due after receiving your first bill.

Notice of Federal Tax Lien: A public notice to creditors. It notifies them that there is a federal tax lien that attaches to all your current and future property and rights to property.

Levy: A legal seizure of property or rights to property to satisfy a tax debt. When property is seized ("levied"), it will be sold to help pay your tax debt. If wages or bank accounts are seized, the money will be applied to your tax debt.

Seizure: There is no legal difference between a seizure and a levy. Throughout this publication, we will use both terms interchangeably.

Notice of Intent to Levy and Notice of Your Right to a Hearing: Generally, before property is seized, we have to send you this notice. If you don't pay your overdue taxes, make other arrangements to satisfy the tax debt, or request a hearing within 30 days of the date of this notice, we may seize your property.

Summons: A summons legally compels you or a third party to meet with the IRS and provide information, documents or testimony.

Passport Actions: The Department of State will not issue or renew a passport to any individual who has been certified by the IRS as having a seriously delinquent tax debt, and may revoke a passport previously issued to such individual.

Collection actions in detail

➜ Federal Tax Lien: A legal claim against property

A lien is a legal claim against all your current and future property. When you don't pay your first bill for taxes due, a lien is created by law and attaches to your property. It applies to property (such as your home and car) and to any current and future rights you have to property.

➜ Notice of Federal Tax Lien: Provides public notice to creditors that a lien exists

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 the claims of 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.

If a Notice of Federal Tax Lien is filed against you, it may be reported by consumer credit reporting agencies. This can have a negative effect on your credit rating and make it difficult for you to receive credit (such as a loan or credit card). 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. However by law, there will be no filing of the Notice of Federal Tax Lien and no levies issued to collect an individual shared responsibility payment associated with the Affordable Care Act.

What to do if a Notice of Federal Tax Lien is filed against you

You should pay the full amount you owe immediately. The Notice of Federal Tax Lien only shows your assessed balance as of the date of the notice. It doesn't show your payoff balance or include our charges for filing and releasing the lien. To find out the full amount you must pay to have the lien released, call 1-800-913-6050 or 859-320-3526 if you are calling from outside of the United States. If you have questions, call the number on your lien notice or 1-800-829-1040 or visit www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Understanding-a-Federal-Tax-Lien, or view instructional videos at www.irsvideos.gov/Individual/IRSLiens.

How to appeal a Notice of Federal Tax Lien

Within five business days of the first filing of the Notice of Federal Tax Lien for a specific debt, we will send you a Notice of Federal Tax Lien Filing and Your Right to a Collection Due Process Hearing. You'll have until the date shown on the notice to request a Collection Due Process hearing with the Office of Appeals. Send your Collection Due Process hearing request to the address on the notice. For more information, see Form 12153, *Request for a Collection Due Process or Equivalent Hearing*.

After your Collection Due Process hearing, the Office of Appeals will issue a determination on whether the Notice of Federal Tax Lien should remain filed, or whether it should be withdrawn or released. If you disagree with the determination, you have 30 days after it's made to seek a review in the U.S. Tax Court.

In addition to any Collection Due Process rights you may have, you may also appeal a proposed or actual filing of a Notice of Federal Tax Lien under the Collection Appeals Program.

Reasons we will "release" a Federal Tax Lien

A "release" of a Federal Tax Lien means that we have cleared both the lien for your debt and the public Notice of Federal Tax Lien. We do this by filing a Certificate of Release of Federal Tax Lien with the same state and local authorities with whom we filed your Notice of Federal Tax Lien. We will release your lien if:

- Your debt is fully paid,
- Payment of your debt is guaranteed by a bond, or
- You have met the payment terms of an Offer in Compromise which the IRS has accepted, or
- The period for collection has ended. (In this case, the release is automatic.)

For more information, see Publication 1450, *Instructions on How to Request a Certificate of Release of Federal Tax Lien*.

Reasons we may "withdraw" a Notice of Federal Tax Lien

A "withdrawal" removes the Notice of Federal Tax Lien from public record. The withdrawal tells other creditors that we're abandoning our lien priority. This doesn't mean that the federal tax lien is released or that you're no longer liable for the amount due.

We may withdraw a Notice of Federal Tax Lien if:

- You've entered into an Installment Agreement to satisfy the tax liability, unless the Agreement provides otherwise. For certain types of taxes, we routinely grant Notice of Federal Tax Lien withdrawal requests if you've entered into a direct debit installment agreement and meet certain other conditions,
- It will help you pay your taxes more quickly,
- We didn't follow IRS procedures,
- It was filed during a bankruptcy automatic stay period, or
- It's in your best interest and in the best interest of the government. For example, this could include when your debt has been satisfied and you request a withdrawal.

For more information, see Form 12277, *Application for Withdrawal of Filed Notice of Federal Tax Lien* or the instructional video at www.irsvideos.gov/Individual/IRSLiens/LienNoticeWithdrawal.

How to apply for a "discharge" of a Federal Tax Lien from property

A "discharge" removes specific property from the federal tax lein. There are several circumstances under which a discharge may be granted. For example, we may issue a Certificate of Discharge if you're selling property and the government receives its interest through the sale. For more information on whether you qualify for a discharge, see Publication 783, *Instructions on How to Apply for a Certificate of Discharge of Property from Federal Tax Lien*. To watch an instructional video about Publication 783, visit www.irsvideos.gov/Individual/IRSLiens.

How to make the Federal Tax Lien secondary to other creditors ("subordination")

A "subordination" is where a creditor is allowed to move ahead of the government's priority position. For example, if you're trying to refinance a mortgage on your home, but aren't able to because the federal tax lien has priority over the new mortgage, you may request that we subordinate our lien to the new mortgage. For more information on whether you qualify for a subordination, see Publication 784, *How to Prepare an Application for a Certificate of Subordination of Federal Tax Lien*. To watch an instructional video about Publication 784, visit www.irsvideos.gov/Individual/IRSLiens.

Appeal rights for withdrawal, discharge or subordination

If your application is denied you will receive Form 9423, *Collection Appeal Request* and Publication 1660, *Collection Appeal Rights*, with an explanation of why your application was denied. If we deny your request for a withdrawal, discharge, or subordination, you may appeal under the Collections Appeals Program.

➜ Levy: A seizure of property

While a federal tax lien is a legal claim against your property, a levy is a legal seizure that actually takes your property (such as your house or car) or your rights to property (such as your income, bank account, retirement account or Social Security payments) to satisfy your tax debt.

We can't seize your property if you have a current or pending Installment Agreement, Offer in Compromise, or if we agree that you're unable to pay due to economic hardship, meaning seizing your property would result in your inability to meet basic, reasonable living expenses.

Reasons we may seize ("levy") your property or rights to property

If you don't pay your taxes (or make arrangements to settle your debt), we could seize and sell your property. We will not seize your property to collect an individual shared responsibility payment. We usually seize only after the following things have occurred.

- We assessed the tax and sent you a bill,
- You neglected or refused to pay the tax, and
- We sent you a Final Notice of Intent to Levy and Notice of Your Right to a Hearing at least 30 days before the seizure.

However, there are exceptions for when we don't have to offer you a hearing at least 30 days before seizing your property. These include situations when:

- The collection of the tax is in jeopardy,
- A levy is served to collect tax from a state tax refund,
- A levy is served to collect the tax debt of a federal contractor, or
- A Disqualified Employment Tax Levy (DETL) is served. A DETL is the seizure of unpaid employment taxes and can be served when a taxpayer previously requested a Collection Due Process appeal on employment taxes for other periods within the past 2 years.

If we serve a levy under one of these exceptions, we will send you a letter explaining the seizure and your appeal rights after the levy is issued.

What you should do if your property is seized ("levied")

If your property or federal payments are seized, call the number on your levy notice or 1-800-829-1040. If you're already working with an IRS employee, call him or her for assistance.

Examples of property we can seize ("levy")

- Wages, salary, or commission held by someone else. If we seize your rights to wages, salary, commissions, or similar payments that are held by someone else, we will serve a levy once, not each time you're paid. The one levy continues until your debt is fully paid, other arrangements are made, or the collection period ends, or the levy is released. Other payments you receive, such as dividends and payments on promissory notes, are also subject to seizure. However, the seizure only reaches the payments due or the right to future payments as of the date of the levy.
- Your bank account. Seizure of the funds in your bank account will include funds available for withdrawal up to the amount of the seizure. After the levy is issued, the bank will hold the available funds and give you 21 days to resolve any disputes about who owns the account before sending us the money. After 21 days, the bank will send us your money, and any interest earned on that amount, unless you have resolved the issue in another way.
- Your retirement account, including Qualified Pension, Profit Sharing, and Stock Bonus Plans under ERISA; IRAs, Retirement Plans for the Self-Employed (such as SEP-IRAs and Keogh Plans) and the Thrift Savings Plan. Depending on the terms of the plan a levy may attach to the funds in which you have a vested right.
- Your federal payments. As an alternative to the levy procedure used for other payments such as dividends and promissory notes, certain federal payments may be systemically seized through the Federal Payment Levy Program in order to pay your tax debt. Under this program, we can generally seize up to 15% of your federal payments (up to 100% of payments due to a vendor for property, goods or services sold or leased to the federal government). We will serve the levy once, not each time you are paid. The levy continues until your debt is fully paid, other arrangements are made, the collection period ends, or the IRS releases the levy. The federal payments that can be seized in this program include, but aren't limited to, federal retirement annuity income from the Office of Personnel Management, Social Security benefits under Title II of the Social Security Act (OASDI), and federal contractor/vendor payments.
- Your house, car, or other property. If we seize your house or other property, we will sell your interest in the property and apply the proceeds (after the costs of the sale) to your tax debt. Prior to selling your property, we will calculate a minimum bid price. We will also provide you with a copy of the calculation and give you an opportunity to challenge the fair market value determination. We will then provide you with the notice of sale and announce the pending sale to the public, usually through local newspapers or flyers posted in public places. After giving public notice, we will generally wait 10 days before selling your property. Money from the sale pays for the cost of seizing and selling the property and, finally, your tax debt. If there's money left over from the sale after paying off your tax debt, we will tell you how to get a refund.

Property that can't be seized ("levied")

Certain property is exempt from seizure. For example, we can't seize the following: unemployment benefits, certain annuity and pension benefits, certain service-connected disability payments, worker's compensation, certain public assistance payments, minimum weekly exempt income, assistance under the Job Training Partnership Act, and income for court-ordered child support payments.

We also can't seize necessary schoolbooks and clothing, undelivered mail, certain amounts worth of fuel, provisions, furniture, personal effects for a household, and certain amounts worth of books and tools for trade, business, or professions. There are also limitations on our ability to seize a primary residence and certain business assets.

Lastly, we can't seize your property unless we expect net proceeds to help pay off your tax debt.

How to appeal a proposed seizure ("levy")

You can request a Collection Due Process hearing within 30 days from the date of your Notice of Intent to Levy and Notice of Your Right to a Hearing. Send your request to the address on your notice. For more information, see Form 12153, *Request for a Collection Due Process or Equivalent Hearing*. At the conclusion of your hearing, the Office of Appeals will provide a determination. You'll have 30 days after the determination to challenge it in the U.S. Tax Court. If Collection Due Process rights aren't available for your case, you may have other appeal options, such as the Collection Appeals Program.

Reasons we "release" a levy

The Internal Revenue Code specifically provides that we must release a levy if we determine that:

- You paid the amount you owe,
- The period for collection ended prior to the levy being issued,
- It will help you pay your taxes,
- You enter into an Installment Agreement and the terms of the agreement don't allow for the levy to continue,

- The levy creates an economic hardship, meaning we've determined the levy prevents you from meeting basic, reasonable living expenses, or
- The value of the property is more than the amount owed and releasing the levy won't hinder our ability to collect the amount owed.

We will also release a levy if it was issued improperly. For example, we will release a levy if it was issued:

- Against property exempt from seizure,
- Prematurely,
- Before we sent you the required notice,
- While you were in bankruptcy and an automatic stay was in effect,
- When the expenses of seizing and selling the levied property would be greater than the fair market value of the property,
- While an Installment Agreement request, Innocent Spouse Relief request, or Offer in Compromise was being considered or had been accepted and was in effect, or
- While the Office of Appeals or Tax Court was considering a collection due process case and the levy wasn't a Disqualified Employment Tax Levy to collect employment taxes, a state refund, a jeopardy levy, or to collect the tax debt of federal contractor.
- While the Office of Appeals or Tax Court is considering an appeal of the denial of innocent spouse relief.

Reasons we may return seized ("levied") property
We may return your property if:

- The seizure was premature,
- The seizure was in violation of the law,
- Returning the seized property will help our collection of your debt,
- You enter into an Installment Agreement to satisfy the liability for which the levy was made, unless the Agreement does not allow for the return of previously levied upon property.
- We didn't follow IRS procedures, or
- It's in your best interest and in the best interest of the government.

We may return property at any time if the property has not been sold. If we decided to return your property, but it's already sold, we will give you the money we received from the sale. You can file a request for return of seized money or money from the sale of seized property, generally up to 9 months after the seizure.

How to recover seized ("levied") property that's been sold
To recover your real estate, you (and anyone with interest in the property) may recoup it within 180 days of the sale by paying the purchaser what they paid, plus interest at 20% annually, compounded daily.

If your property has been seized ("levied") to collect tax owed by someone else, you may appeal the seizure under the Collection Appeals Program or file a claim under Internal Revenue Code section 6343(b), generally within 2 years of the seizure, or you may file a suit under Internal Revenue Code section 7426 for the return of the wrongfully seized property, generally within 2 years of the seizure. You may also appeal the denial of the request to return the wrongfully seized property under the Collection Appeals Program. For more information, see Publication 4528, *Making an Administrative Wrongful Levy Claim under Internal Revenue Code section 6343(b)*.

How to recover economic damages
If we wrongfully seized your property, we lost or misplaced your payment, or there was a direct debit Installment Agreement processing error and you incurred bank charges, we may reimburse you for charges you paid. For more information, see Form 8546, *Claim for Reimbursement of Bank Charges*. If your claim is denied, you can sue the federal government for economic damages.

If we intentionally or negligently didn't follow Internal Revenue law while collecting your taxes, or you're not the taxpayer and we wrongfully seized your property, you may be entitled to recover economic damages. Mail your written administrative claim to the attention of the Advisory Group Manager for your area at the address listed in Publication 4235, *Collection Advisory Group Addresses*. If you've filed a claim and your claim is denied, you can sue the federal government, but not the IRS employee, for economic damages.

➜ Summons: Used to secure information

If we're having trouble gathering information to determine or collect taxes you owe, we may serve a summons. A summons legally compels you or a third party to meet with an officer of the IRS and provide information, documents and/or testimony.

If you're responsible for a tax liability and we serve a summons on you, you may be required to:

- Testify,
- Bring books and records to prepare a tax return, and/or
- Produce documents to prepare a Collection Information Statement, Form 433-A or Form 433-B.

If you can't make your summons appointment, immediately call the number listed on your notice. If you don't call us and don't attend your appointment, we may sue you in federal district court to require you to comply with the summons.

If we serve a third-party summons to determine your tax liability, you'll receive a notice indicating that we're contacting a third party. Third parties can be financial institutions, record keepers, or people with information relevant to your case. We won't review their information or receive testimony until the end of the 23rd day after the notice was given. You also have the right to:

- Petition to reject ("quash") the summons before the end of the 20th day after the date of the notice, or
- Petition to intervene in a suit to enforce a summons to which the third party didn't comply.

If we issue a third-party summons to collect taxes you already owe, you won't receive notice or be able to petition to reject or intervene in a suit to enforce the summons.

➜ IRS action affecting passports

The Fixing America's Service Transportation (FAST) Act of 2015, enacted by Congress and signed into law on December 4, 2015, requires the Internal Revenue Service to notify the State Department of taxpayers certified as owing a seriously delinquent tax debt. Seriously delinquent tax debt means an unpaid, legally enforceable federal tax debt of an individual totaling more than $51,000 (including penalties and interest) for which a Notice of Federal Tax lien has been filed and all administrative remedies under IRC § 6320 have lapsed or been exhausted, or a levy has been issued. If you are individually liable for tax debt (including penalties and interest) totaling more than $51,000 and you do not pay the amount you owe or make alternate arrangements to pay, we may notify the State Department that your tax debt is seriously delinquent. The State department generally will not issue or renew, and may revoke, your passport after being notified of your seriously delinquent tax debt. For additional information on passport certification visit www.irs.gov/passports.

Information for Taxpayers assigned to a Private Collection Agency

Your delinquent account could be assigned to a Private Collection Agency. We will notify you of the assignment before the Private Collection Agency contacts you and will send you Publication 4518, *What You Can Expect When the IRS Assigns You to a Private Collection Agency*. The notice from us will contain the name of the Private Collection Agency we assigned your account to, along with the Private Collection Agency's address and phone number. To protect your privacy, our notice will also provide you with a unique ten-digit Taxpayer Authentication Number. Be sure to save this number. The Private Collection Agency will only work with you on your delinquent accounts after authenticating your identity using your Taxpayer Authentication Number. Our contracts with Private Collection Agencies requires that they provide you with quality service and equitable treatment. For more information about the private debt collection program, visit www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection.

Information for employers: Collection of employment tax

About employment taxes

Employment taxes are the amount you must withhold from your employees for their income tax and Social Security/Medicare tax (trust fund taxes) plus the amount of Social Security/Medicare tax you pay for each employee. Federal unemployment taxes are also considered employment taxes.

Employment taxes are incurred at the time you pay wages and generally paid in semi-weekly or monthly deposits. You must use electronic funds transfer to make all federal tax deposits, generally through the Electronic Federal Tax Payment System (EFTPS). See Publication 966, *Electronic Federal Tax Payment System: A Guide To Getting Started*.

What we will do if you don't pay your employment taxes:

- Assess a failure to deposit penalty, up to 15% of the amount not deposited in a timely manner.
- We may file a Notice of Federal Tax Lien and/or take levy action
- We may propose a Trust Fund Recovery Penalty assessment against the individuals responsible for failing to pay the trust fund taxes.
- We may refer this matter to the Department of Justice for civil collection or criminal prosecution for failure to adhere to the reporting and payment requirements mandated by the Internal Revenue Code.

About trust fund taxes

Trust fund taxes are the income tax, Social Security tax, and Medicare tax (trust fund taxes) withheld from the employee's wages. They are called trust fund taxes because the employer holds these funds "in trust" for the government until it submits them in a federal tax deposit. Certain excise taxes are also considered trust fund taxes because they are collected and held in trust for the government until submitted in a federal tax deposit. For more information, see Publication 510, *Excise Taxes*.

To encourage prompt payment of withheld employment taxes and collected excise taxes, Congress has passed a law that provides for the Trust Fund Recovery Penalty.

For more information on employment taxes or trust fund taxes, see Publication 15, *Circular E, Employer's Tax Guide*.

Trust Fund Recovery Penalty

The Trust Fund Recovery Penalty is a penalty that is assessed personally against the individual or individuals who were responsible for paying the trust fund taxes, but who willfully did not do so. The amount of the penalty is equal to the amount of the unpaid trust fund taxes. For additional information, please see Notice 784, Could You be Personally Liable for Certain Unpaid Federal Taxes? or visit www.irs.gov/TFRP.

If the Trust Fund Recovery Penalty is proposed against you, you'll receive a Letter 1153 and Form 2751, *Proposed Assessment of Trust Fund Recovery Penalty*.

If you agree with the penalty, sign and return Form 2751 within 60 days from the date of the letter. To avoid the assessment of the Trust Fund Recovery Penalty, you may also pay the trust fund taxes personally.

If you disagree with the penalty, you have 10 days from the date of the letter to let us know that you don't agree with the proposed assessment, have additional information to support your case, or want to try to resolve the matter informally. If you can't resolve the disagreement with us, you have 60 days from the date of the Letter 1153 to appeal with the Office of Appeals. For more information, see Publication 5, *Your Appeal Rights and How to Prepare a Protest if You Don't Agree*.

If you don't respond to the letter, we will assess the penalty amount against you personally and begin the collection process to collect it. We may assess this penalty against a responsible person regardless of whether the company is still in business.

Additional information

Innocent Spouse Relief

Generally, both you and your spouse are responsible, jointly and individually, for paying any tax, interest, or penalties on your joint return. If you believe your current or former spouse should be solely responsible for an incorrect item or an underpayment of tax on your joint tax return, you may be eligible for Innocent Spouse Relief. This could change the amount you owe, or you may be entitled to a refund. You must submit Form 8857, *Request for Innocent Spouse Relief*, no later than two years from the date of our first attempt to collect the outstanding debt, except for requests for equitable relief under Internal Revenue Code section 6015(f). For additional information, see Publication 971, *Innocent Spouse Relief*

Representation during the collection process

During the collection process, or an appeal before the IRS Office of Appeals you can be represented by yourself, an attorney, a certified public accountant, an enrolled agent, an immediate family member, or any person enrolled to practice before the IRS. If you're a business, full-time employees, general partners, or bona fide officers can also represent you.

To have your representative appear before us, contact us on your behalf, and/or receive your confidential material, file Form 2848, *Power of Attorney and Declaration of Representative*.

To authorize someone to receive or inspect confidential material, file Form 8821, *Tax Information Authorization*.

Sharing your tax information

During the collection process, we're authorized to share your tax information in some cases with city and state tax agencies, the Department of Justice, federal agencies, people you authorize to represent you, and certain foreign governments (under tax treaty provisions).

We may contact a third party

The law allows us to contact others (such as neighbors, banks, employers, or employees) to investigate your case. You have the right to request a list of third parties contacted about your case.

Past Due Tax Returns

File all tax returns that are due, regardless of whether or not you can pay in full. File a past due return at the same location where you would file an on-time return.

If you do not voluntarily file your individual income tax return you risk losing your refund and we may file a substitute return for you. This return might not give you credit for deductions and exemptions you may be entitled to receive. We may send you a Notice of Deficiency proposing a tax assessment. Filing a past due return after the Notice of Deficiency was sent does not extend the 90 day period for filing a petition to the United States Tax Court. However, the past due return will be considered in determining whether there will be a reduction in the amount of tax increase previously proposed in the Notice of Deficiency. If you do not file a petition in Tax Court and a tax increase has been determined, we will proceed with our proposed assessment as a substitute return. If the IRS files a substitute return, it is still in your best interest to file your own tax return to take advantage of any exemptions, credits and deductions you are entitled to receive. The IRS will generally adjust your account to reflect the correct figures.