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TaxForum

| 2018

Collection Issues

(Employment Taxes, Federal Tax Liens
and Private Debt Collection)



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Objectives

At the end of this presentation, you will be able to explain to clients:

- Third-party payers
- Early intervention
- Trust Fund Recovery Penalty
- Notice of Federal Tax Lien
- Private Debt Collection



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Employment Tax

- Trust fund taxes
 - Income tax withholding
 - Federal Insurance Contributions Act (FICA) – Social Security and Medicare
 - Railroad Retirement Tax Act (RRTA)
- Federal Unemployment Tax Act (FUTA)
- Electronic Federal Tax Payment System
 - (EFTPS)
- Federal Tax Deposit (FTD) penalty



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Third-Party Payers

- Role of third-party payers
- Types of third-party payers
 - Payroll Service Provider (PSP)
 - Reporting Agent
 - Section 3504 Agent
 - Certified Professional Employer Organization (CPEO)



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Employer Role when Using PSP

- Employer remains liable for employment taxes
- Monitor payments made on EFTPS
- Personal liability for trust fund taxes
- Use employer's address as address of record
- Determine if PSP has a fiduciary bond



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FTD Alert Program

- Identify employers for early intervention
- Proactive approach
- Early interaction initiative
- Direct contact by revenue officers
- Contact by correspondence



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Trust Fund Recovery Penalty

- Responsible for collecting or paying
 - withheld income tax and employees' portion of FICA tax
 - collected excise taxes
- Willfully fails to collect or pay them



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Trust Fund Recovery Penalty Assessment

- Penalty amount
- Once assessed, personally liable
- Alternative – pay trust fund amount



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Civil & Criminal Remedies

- Suits for Injunctive Relief
- Criminal Referral



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Notice of Federal Tax Lien

- When does a lien arise?
- When is a Notice of Federal Tax Lien filed?



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Notice of Federal Tax Lien

- Release of lien
- Discharge – removes specific property from lien
- Subordination – gives another creditor priority
- Withdrawal – relinquishes priority



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Private Debt Collection

- Private Collection Agencies (PCA)
- Cases assigned to PCAs
- IRS and PCA notify taxpayer & representative
- Protecting taxpayer rights - Fair Debt Collection Practices Act & IRC § 6304, Fair Tax Collection Practices
- Vigilance against scams



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Resources

- Employment Tax: www.irs.gov/businesses/small-businesses-self-employed/employment-taxes
- Outsourcing Payroll and Third-Party Payers: www.irs.gov/businesses/small-businesses-self-employed/outsourcing-payroll-and-third-party-payers
- Federal Tax Deposits: www.irs.gov/businesses/small-businesses-self-employed/depositing-and-reporting-employment-taxes



Resources

- Employment Taxes and the Trust Fund Recovery Penalty (TFRP): www.irs.gov/businesses/small-businesses-self-employed/employment-taxes-and-the-trust-fund-recovery-penalty-tfrp
- Understanding a Federal Tax Lien: www.irs.gov/businesses/small-businesses-self-employed/understanding-a-federal-tax-lien
- Private Debt Collection: www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection



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Hot Topics on IRS.gov	Search Word(s)
Dirty Dozen Tax Scams	Dirty Dozen
E-Services – Online Tax Tools	eservices
Identity Theft Info for Tax Pros	Identity Protection Prevention
Installment Agreement User Fees	Payment Plan Fees
Offer in Compromise	Offers
Payment Options for Taxpayers	Payment Options
Sharing Economy	Sharing Economy
Tax Reform	Tax Reform
Tax Scams and How to Report Them	Scams
Withholding Calculator	Withholding